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PARIS, WEDNESDAY, MARCH 11, 1981.

eagan Declines U.S. Gets o Rule Out Aid A 'Sanity' **Afghan Rebels**

terest he said.

"I don't think that that's going to be necessary. That hasn't been asked of us in El Salvador. I have

to say what Secretary Haig said at one of the Senate bearings on his appointment, when he said oo one

can guarantee that peace forever,

but we hope we can. We're going to strive for it. That's our goal and our purpose. But we must remem-

ber there are things that sometimes people have to fight for."

When asked whether this meant

intervention, armed intervention,

Afghans Urge Caution

NEW DELHI (UPI) — Exiled Afghan leaders reacted eautiously

Tuesday to President Reagan's re-

mark that he would consider send-

Several said they hoped that a supply of U.S. arms to Afghan in-

surgents would unite the rebel

groups that often turn against each

By Juan Vasquez

Los Angeles Times Service

SAN SALVADOR — A U.S. Army adviser has said that Ameri-

can servicemen in El Salvador are

under instructions to avoid fight-ing or combat except for self-de-

fense or to belp another member

Monday at a news conference with

another U.S. Army officer at a Sal-

vadoran Air Force base on the

outskirts of the capital, breaking

the secrecy that had surrounded

The two men spoke to some 60

foreign reporters, who had been

denied permission for weeks to see

or talk to American servicemen

sent bere following stepped-up

fighting between government

U.S. Embassy officials asked that the names of the two officers

not be used and that no photo-

Like Taxis

The two officers are members of

a 14-man detachment that is teach-

ing Salvadoran pilots and mechan-

ics how to operate and maintain the six UH-1H helicopters provid-

ed to El Salvador in the waning

days of the Carter administration.

tor, the Salvadoran pilots already

know how to fly helicopters and

in the operation of the UH-1H.

are undergoing a five-week course

The officer said that the belicop-

ters provided to El Salvador would

operate "like a taxi" and were oot

When reporters pointed out that

the aircraft they had seen were equipped with placements for ma-ehine guns, the officer said that

designed for offensive purposes.

According to the flying instruc-

The adviser, a captain, appeared

of the U.S. contingent.

their presence here.

forces and guerrillas.

graphs be taken.

ents wisely.

viet battleground

F Howell Raines ew York Times Service

INGTON - President as said in a television innat, if Afghan insurgents Soviet forces asked for he would consider comth the request.

said Tuesday that Presizan admitted Washington ashed an unlimited war" gime in Afghanistan, aco The Associated Press Reagan only reaffirmed what his predecessor Jimr preferred to keep silent ass was quoted as saying. id the "anti-Afghan banations are formed, id equipped with Ameri-rs and Chinese yuan" in

eated the Kremim posi-Soviet troops will oot be a from Afghanistan withble guarantees that there more intervention."]

television interview, Mr. n Monday dismissed the of a strong Soviet reacted Sunday by Secretary e Caspar W. Weinberger. 't know that they could ve an objection to that," an said of the Russians. link it is something, as I considered. And I'm say-

'oow without having sat

h the secretary and others ced at all the ramifica-

agan repeated his defense nilitary aid for the Salvavernment as necessary for Communist expansion in

= :m Hemisphere. asserting that he did oot inding U.S. troops to El State Alexander M. Haig c effect that "there are it sometimes people have

LAND TE THE **Monroe Doctrine**

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K. 1875

agan's remarks, a continthe anti-Soviet stance he i since the beginning of nistration, followed by vir. Weinberger's sugges-Sending weapons to Af-Mr. Weinberger said United States might supaid if asked, but that it t tolerate alleged Soviet plies to the Salvadoran the ground tuar such aid plate the Monroe Docth says that Latin Amerihe U.S. sphere of influ-

the Carter administra-1 s reported and oever dethe United States had applied the Afghan insur-h Soviet-made arms sent Pakistan, However, fordent Jimmy Carter avoidmilitary aid to prevent e conflict in Afghanistan -Soviet confrontation. It aid that overt arms shipinviting a Soviet thrust

degan, in his interview, address the many - criticism of interference eveling against the Soviet regard to El Salvador. the president did chalcharacterization of the

is "rebels." e used the term 'Afghan d sometimes I think the nion has been successful copaganda with getting us ms that semantically are

Mr. Reagan said. are freedom fighters. people fighting for their itry and not wanting to satellite state of the Sovi-, which came in and esa government of its there, without regard to gs of the Afghans."

Salvador, Mr. Reagan position to Communism ; in the United States' vi-

est-Tube Baby' in Melbourne

The Associated Press 'DURNE — Australia's test-tube baby" was born idrew's Hospital on Tuesials reported. The baby, a about three weeks prema-Ad was delivered by n section. The ovum had rilized in laboratory glass-

id reimplanted in the arents, who live in Meland had been trying to baby for more than 14 ked the hospital not to their names. Australia's tube baby, Candice Reed, 1 at the Royal Women's in Melbourne on June 23.

Budget \$48 Billion Cut: tal interest. But asked whether Americans should fight for that in-

Arms Funds Up

By Owen Ullmann

The Associated Press
WASHINGTON — President Reagan laid before Congress Tuesday a \$695.3-billion budget that be claimed would return government to "economic sanity" through overall cuts of \$48.6 billion, despite increased military spending

ber there are things that sometimes people have to fight for."

When asked whether this meant that the United States would be prepared to fight to prevent Communism from spreading beyond dent Carter. It would leave a \$45-billion defi-

munism from spreading beyond
Cuba to other Western Hemisphere nations, Mr. Reagan said;
"That's carrying what I said a little
too far. I have oot seen a oeed for cit, due partly to Mr. Reagan's separate proposals to cut tax rates. The budget contains \$13.8 bil-lion in ocwly announced cuts, in-cluding deeper reductions than previously sought in welfare, water projects, job programs, public housing, food stamps and education. New reductions are also proposed in veterans programs, loan subsidies and dozens of social ser-

Mr. Reagan said in a message ing arms to guerrillas. They urged the president to choose the recipiaccompanying the document that it "will stop runaway inflation and revitalize our economy if given a chance." He asked Congress to Political and intellectual leaders, acluding recently defected offijoin him in a quest to "move cials, expressed fear that their America back toward economic country would become a U.S.-So-

> There is nothing more important than putting America's economic house in order. The next -steps are up to Congress," he said, (Continued on Page 2, Col. 4)

A U.S. adviser (right) works with two Salvadoran mechanics on a helicopter. Salvadoran military

officials prohibited the photographing of the adviser's face and insisted that he not be identified.

Affirms Order to Avoid Combat

such weapons, if used would be

oot have the capability to be

turned into an offensive capacity,"

send offensive aircraft, it would

have sent the Cobra helicopter

rather than the Huey, as the UH-

for "defensive purposes

1H is called.



Chancellor of the Exchequer Sir Geoffrey Howe displays the original budget box, made in 1860, as he departs 11 Downing St. to announce the latest budget to the House of Commons.

British Budget Seeks Substantial Tax Rise

By Leonard Downie Jr.

Washington Post Service LONDON — The Thatcher government, struggling to maintain its monetarist economic strategy dur-Britain's severe recession,

Tuesday substantially increasedthe tax burden oo individual Britons while giving only a measure of relief to hard-pressed businesses. Io its annual budget, the govern-ment cut the minimum interest

rate from 14 percent to 12 percent to make loans and mortgages cheaper and the price of British exports more competitive in world

It also proposed a package of tax breaks, loan guarantees and other incentives for small businesses. Dius mioor tax adjustments for

the rest enemants for the serior these incentives and to hold down a growing budget deficit that threatened Prime Minister Margaret Thatcher's strategy for squeezing down inflatioo, Chaocellor of the Exchequer Sir Geoffrey Howe announced surprisingly steep tax in-

Excise Taxes

Excise taxes on alcohol, tobacco, gasoline and automobiles were immediately raised by as much as 30 percent, pushing up the price of a package of cigarettes to nearly \$2, a bottle of whisky to more than \$13 and a gallon of gasoline to nearly \$3.50. The income tax burden on the average family was effectively increased because Sir Geoffrey refused to follow past practice, of adjusting tax brackets for inflation.

The changes were denounced by opposition politicians and labor leaders as likely to further deflate the already limp British economy and push unemployment even

higher.
The government's own accom-U.S. Army Officer in El Salvador, dicted another sharp drop in industrial output in 1981 and a continuing rise in the unemployment rate, which is already more than 10

> Opposition Labor leader Michael Foot called the Thatcher budget a "catastrophe of the first order for the British economy and the British people." He said the measures to help industry were "very bitle compared with the massive and monstrous deflation of the economy which this budget

"The few crumbs of comfort given to industry," said Britain's lead-(Continued on Page 2, Col. 1)

300,000 Defy Polish Union Leaders By Brian Mooney WARSAW — Lech Walesa, leader of the Polish independent trade union Solidarity, beld his first meeting with Premier Wojciech Jaruzelski Tuesday night tion of the International Labor Or-

largest city.

The strike, which dealt a blow to a 4-week-old truce between the government and Solidarity, went ahead despite an appeal from un-

ion leaders for restraint. Talks between the Lodz union branch and city officials continued all day without resolving the dis-pute. The workers are demanding the reinstatement of five workers dismissed from a police hospital. A new problem arose when the Lodz police refused to sign a declaration that would allow the five, including four Solidarity activists, to resume their unioo functions in

as tension mounted after a one-

the hospital. Solidarity officials in Lodz denied a Warsaw newspaper report that Mr. Walesa had disowned the

strike action.

Mr. Walesa was due to hold wide-ranging talks with the government on a seven-point resolution drafted by his union executive last Sunday, "There are more than seven points to discuss," he told reporters before entering the reporters before entering the Council of Ministers building in

Another Trouble Spot

Solidarity said that members of its branch in another potential trouble spot, Radom, had sent a letter to the premier calling on him to settle their grievances.

They are seeking the acquisitioo of police buildings for the public health service and the punishment of party and administrative officials responsible for the suppres-

Rural union activists from Rzeszow also sent a letter to the premier warning him that farmers there would refuse to deliver food if Poland did not ratify a conven-

Token Strike in Lodz

Breaks 4-Week Truce

 Rural Solidarity holds a boisterous congress in the Poznan opera house. Page 2.

ganization that would cover the rights of farmers to form trade

The government has consistently opposed the establishment of a rural Solidarity union of private

Bigger Strike Threatened

Solidarity officials conferred after Tuesday's token stoppage in the bope of resolving the dispute before the deadline for a planned expansion of the strike on Thurs-

The Lodz Solidarity branch bas approved plans to bring the region's entire textile industry and transport services to a halt in pro-

Tuesday's stoppage was the first major industrial strike in Poland since Gen. Januzelski was sworn in as premier four weeks ago. He apaled then for a 90-day period without strikes.

Sirens signaled the start of the one-bour factory shutdown in Lodz. Trams and buses pulled up as all the unioo's 300,000 regional

members stopped work.

Polish red and white flags
fluttered from factory and office
windows, and the police, following a recently established custom, van-

Principle Debated

A buge poster asked the question: "Director Jankowski - To be or not to be?" This was a refersion of a local workers' revolt in ence to the director of the police hospital, Col. Jan Jankowski. year.

Solidarity said that Col Jan-kowski fired the workers after they had forced the canteen to sell to employees some six kilograms (13 pounds) of ham that the management had set aside for itself.

But the colonel said the ham incident had been blown out of pro-portion. "This is a hospital," he said. "There must be discipline, order and quiet bere, and Solidarity is fomenting discord."

He said that insulting remarks about the management on Solidarity's notice board bad distracted employees to the extent that one day there were no nurses in the operating theater because they were too busy reading union bulletins.

The talks in Lodz on Tuesday centred on the principle of whether independent union activity was permissible in what is in effect police territory.

The local police said Monday night that they bad no power to issue a declaration permitting independent union activity, and that the case would have to be considered at a higher level in Warsaw.

Warsaw Pact Drills

WARSAW (AP) - Joint Warsaw Pact land and sea exercises will begin later this mooth in Po-land, East Germany, Czechoslova-kia and the Soviet Union, the official Polisb oews agency announced

The one-paragraph statement referred only to military exercises and did not use the word maneuvers. It appeared after re-ports last week that military exer-cises were expected to begin some time in March.

Western observers bere said that they expected such exercises, call-

U.S. Intelligence Officials Seek To Broaden Surveillance Powers

By Robert Pear New York Times Service

WASHINGTON - The Reagan administration's intelligence offi-cials are asking for fresh authority to gather information on Americans in the United States and abroad by using such "intrusive" techniques as searches, physical surveillance and the infiltration of domestic organizations.

The authority is being sought in

a proposed executive order that would in effect overturn many of the regulations imposed on intelligence-gathering activities by for-mer Presidents Gerald R. Ford and Jimmy Carter.

An interagency working group led by CIA officials has proposed many changes in Executive Order 12036, the basic framework for all intelligence activities, signed by Mr. Carter on Jan. 24, 1978. The draft order, now treated as secret, would become public and would have the force of law if signed by President Reagan.

Rockefeller Report

The proposed order would re-cast the Carter order in terms that authorize, rather than restrict, the collection of intelligence informa-tion and the use of searches, surveillance and infiltration. It would end many restrictions

imposed by President Ford in 1976 on the recommendation of a presidential commission headed by then-Vice President Nelson A.

Rockefeller. The commission had documented extensive spying on American citizens by the CIA. The draft order would down-

grade the role of the attorney gen-eral in scrutinizing intelligence activities from a legal point of view; remove the requirement that infor-mation be collected by the "least intrusive means possible" and re-dax some restrictions on infiltration of domestic organizations. tion of the Carter order that re-

It also appears to weaken a secquired intelligence officials to report evidence of possible crimes to the attorney general.

Journalistic Aspect

The proposal makes oo reference to the rights of journalists. It broadens the type of surveillance that may be cooducted by an agency investigating "unauthorized dis-closure" of intelligence informa-tion, and conceivably reporters might be included in such an investigation. The rules governing an intelligence agency's relationships with clergymen and scholars would not be affected.

The impetus for a new executive order grew out of a recent meeting in which intelligence officials dis-cussed terrorism with Mr. Reagan. The White House asked various agencies to suggest changes in in-telligence regulations to improve anti-terrorism capabilities.

The director of central intelligence, William J. Casey, and Dantel B. Silver, general counsel of the CIA, took the initiative in revising the Carter executive order.

Respect for Liberties

The proposed order says that intelligence agencies should respect "established concepts of privacy and civil liberties." It would not change those sections of the Carter order that prohibited assassination by agents and curtailed experimental research on human beings. But it would give the CIA greater latitude to collect information within the United States.

The Carter order, which remains in effect until changed, says flatly: The CLA may not engage in any electronic surveillance within the United States." The proposed order would delete this sentence and insert "the CIA may engage in electronic surveillance activity within the United States only for the purpose of assisting, and in coordination with another agency authorized to conduct such surveil-

The proposal would sharply reduce the restrictions on the most intrusive techniques, such as searches and "surreptitious entries," for which search warrants are clearly required in criminal in-

The existing order says a warrant is also required when such techniques are used for intelligence purposes unless the president bas approved the general type of activity involved and the attorney general has approved its use in a specause to believe" that the target is

an agent of a foreign power. The draft order drops both the "probable cause" standard and the requirement of presidential approval. It says "the attorney general may approve the use of such techniques by category" or delegate his approval authority to the

head of any intelligence agency. The existing executive says that intelligence agencies may collect, store and disseminate information about a person who is "reasonably believed" to be acting on behalf of a foreign power or engaging in international terrorist or narcotics activities.

The draft order drops the reirement for a "reasonable" belief and would permit agents to collect information about a person who has acted or may be acting on behalf of a foreign power," or who "has engaged or may be engaging" in terrorism or the narcotics trade.

INSIDE Eurodefense

West Germany's changing em-

phasis on future defense projects has triggered a search for new and more modest alternatives, possibly involving U.S. participation in a projected supersonic tactical fighter for the 1990s, government and industry sources in European capitals say. Page 3.

Peking's Curbs

Restrictions are being tightened again on the freedom of artistic, literary and intellectual expression in Peking, raising fears that the recent creative resurgence may be at an end. Page 5.

TOMORROW

Bonn's Bankroll Bonn's decision to delay or

cancel some joint weapons programs may signal an eclipse of West Germany in its recent role as the bankroller of many, successful European ventures and financier of European unity. A news analysis.

Longtime U.S. Employee Is Chinese Puzzle

New York Times Service

told by a U.S. vice consul to look after the

The order was reaffirmed in 1950 by a British diplomat who was visiting on American instructions after Chinese-U.S. relations were broken off in 1949.

Mr. Zhao followed instructions and cleaned the consulate. Now the State Department is considering whether the 75-year-old Chinese caretaker is eligible for a government pen-

large U.S. government presence in China before the Communist takeover. The United States claims 110 buildings in 17 parcels worth a total of \$11 million as part of its official claim against China. This is one of the unresolved issues between the two governments.

partment officials say they know of no other case in which an employee has remained on the job for so long. Many of the employees left China: others stayed and-took other jobs. The State Department has not kept up

Mr. Zhao remained on the U.S. government payroll. In the 1950s and 1960s he was, paid by the British, who were reimbursed by the U.S. government. He earned 97 yean (about \$53) a mooth, a substantial sum by Chinese standards. In 1975, with the restoration of relations, Mr. Zhao once again came under the direct control of the U.S. govern-

It was not until May, 1980, that he was finally visited by a State Department official who was touring that part of China and de-cided to drop in. He found Mr. Zhao in good bealth and still going to work at the consulate every day.

But there is a question whether he was part of the pension plan."

der the U.S. government pension plan. But because Mr. Zhao was a handyman and not working behind a desk, the State Department official said he doubted that Mr. Zhao would have been covered. The problem is that there seems to be oo record of his eligi-

While he has taken sole care of the consulate,, the two buildings in the compound have been used as a consulate by the Philippine government (1945-1949), as a rest home Chinese Communist Party officials (1949-1979) and most recently as the home of the Fujian Oceanographic Institute.

Janitor at Ex-Consulate May or May Not Be Eligible for Pension

The consulate at Xiamen was part of the By A.O. Sulzberger Jr.

r "defensive purposes" only.

"That aircraft [the UH-1H] does have the capability to be lowed to carry a "sidearm" for

The other officer added that if had served in Vietnam, said he be-the United States had wanted to lieved that El Salvador's soldiers

One of the officers, who said be

were superior to the U.S.-trained

and supported South Vietnamese.

(Continued on Page 2, Col. 7)

How? he was asked,

WASHINGTON - Zhao Wenjin was hired by the U.S. government in 1926 as a messenger and handyman at the consulate in Xiamen, on the coast of Fujian province across the Formosa Strait from Taiwan. In 1945, when the consulate was closed, he was

So, every day for the next three decades,

"He's been working very loyally for 55 years," said a political officer on the State Department's China desk. "The image of him sweeping this place religiously through the Korean War and the Cultural Revolution is kind of poignant."...

A number of Chinese employees were working for U.S. missions in China when the Communists took over in 1949, but State De-

with these former employees.

"The question of his retirement is being considered," a State Department officer said. Apparently, in the late 1940s most local employees of the Foreign Service came un-

One of the hijackers waves a machine gun from the cockpit of the Pakistani aircraft.

Syria Says Talks With Hijackers Failing Because of Pakistan 'Hard-Line Attitude'

in free more than 100 hostages held by three gunmen on a hi-tacked Pakistani airliner had failed to produce substantial results.

In a statement to reporters, he said this was because of a hard-line attitude adopted by the Pakistani government in the contacts and talks. He said the hijackers had rejected a Pakistani reply to their terms for freeing the passengers and crew of the Boeing 720 that arrived here Monday from Kabul.

spokesman said Tuesday that talks had given Pakistan until Wednesday to meet their demands or they would take "drastic action." He said that they also gave the government another list of persons they sible exchange for the hostages, want freed from prison immediate-

> He sold reporters the hijackers had given their list and then said they wanted the release of all political prisoners in Pakistan. Unofficial sources in Rarachi. Pakistan, said a special plane was being prepared for a flight to the

Thatcher's Budget Seeks Substantial Tax Increases

(Continued from Page 1)

Murray, "are totally inadequate to stop vet more factury closures,

layoffs and rising unemployment." Even Britain's most conservative husiness group, the Institute of Directors, was not entirely pleased. Its chairman, Sir William Mather, welcomed the government's refusal to succumb to the "temptation of spending its way out of recession" but criticized the "hack door" increase in income tax as "no way to restore personal incentives."

Industry leaders also expressed disappointment that the extra burden on individual taxpayers was not offset by bigger benefits for businesses and that the reduction in the minimum interest raie was not larger.

Tuesday's cut in the minimum interest rate brought it down to the level where it was before Mrs. Thatcher's government raised it to a record 17 percent in 1979 as an effort to discourage borrowing and to restrict growth of the money supply. But the high interest rate. along with Britain's North Sea oil income, pushed the exchange value of the pound sterling so high that prices of British exports soured.

Anticipation of Tuesday's reduction of Britain's minimum interest rate to well below those in the United States and West Germany had already made the pound sterling less attractive to speculators in recent weeks. Its exchange value had fallen from above \$2.40 to around \$2.20. But it recovered and it was expected by some analysts to rise further because the interest rate reduction was not larg-

The Confederation of British Industries, the Trades Union Congress, the major opposition parties in Parliament and some influential back-benchers in Mrs. Thatcher's own Conservative Party had all urged the government to start reflating the economy by spending more money on public works, including roads, railroads, waterworks, sewers, gas pipelines and

nuclear energy. Industry leaders and conservative back-benchers arcongress General Secretary Len and conservative back-benchers argued that this could be done while continue spending on solutions. curring spending on government bureaucracy sn that Mrs. Thatch-

er's overall strategy would not have to be abandoned. But Sir Geoffrey Howe made clear Tuesday Mrs. Thatcher's belief that now was not the time to make such a major change in policy. "To change course now," saio in Parliament. "would be fatal to the whole counter-inflation

strategy. He said the hudget was designed to protect that strategy, under which the inflation rate has fallen from a high of 22 percent last year to 13 percent today. The inflation rate is expected by many economic analysts to drop below 10 percent by the end of the year.

Sir Geoffrey realfirmed the Thateher government's determination to reduce public spending, in part by holding down government employees' pay raises despite the selective disruptive strikes begun by civil servants.

Chil Servents Strike

LONDON - British civil servants began a campaign of selec-tive strikes Tuesday aimed at disrupting government computer centers and defense networks.

It was the latest stage in the civil servants confrontation with the Conservative Thatcher government over a pay claim of 15 pernearly I cent Tuesday, to \$2,2210, cent. The nine trade unions involved said 45 radio operators had gone on strike at the government's communications base at Bude, in western England, which monitors messages from Soviet satellites and radio broadcasts.

The unions ordered 44 administrative workers to strike at the Polaris submarine base in Clyde, Scotland, while computer opera-tors also stopped work at another naval hase in Scotland and at three dockyards in southern England -Chatham, Portsmouth and Devon-

Cognac Courvoisier...
The French way of life.

VSOP

COGNAC

COURVOISIER

Reuters

In Islamabad, the Pakistani cap

DAMASCUS — A Syrian ital, a spokesman said the hijaekers

Press reported. The sources said Press reported. The sources said that more than 30 relatives of the hijackers and political prisoners were given new clothes and other amenities in preparation for a pos-

> they could not confirm the Kara-The secretary-general of the De-lense Ministry, retired Maj. Gen. Rahim Khan, said it was not clear whether 55 persons named Tues-day were included in the hijackers' original list of 92 or were addi-

Gen. Rahim said the hijackers did not elaborate on their latest ultimatum but he added that they had previously threatened to kill the passengers one by one and blow up the aircraft. The gunmen seized the plane on March 2 during a domestic flight from Karachi 10 Peshawar.

The Syrian spokesman had earlier voiced hopes that the 9-day-old hijacking, believed to be the longest ever, might be over Tuesday. In his later statement, he said there was still hope that agreemen might be reached when negotia-

tions resumed Wednesday. Talks so far have been conducted between the hijackers and Pakistani diplomats in Damascus, with Syrian officials assisting.

Pakistan's President Zia ul-Haq was quoted Monday night by Britain's Independent Television News as saying he was prepared to free

So far Pakistan has agreed to re-lease five relatives of the hijackers detained in connection with the murder of a religious student leader in Karachi University last month, It has also said it would free 15 and possibly more of the 92 prisoners who were not facing serious criminal charges.

Gen. Rahim, who is also ehairman of Pakistan International Airlines, said the Afghan government Tuesday handed over a passenger released before the plane flew to Damascus. This left 102 passengers and crew on board, he added,

Pakistan was insisting on a simultaneous release and would not carry out its part of a settlement until the passegers and crew had been handed over to the Syrian authorities, he said.

Die in Island Crash

MORONI, Comoro - Ali 18 crew members of a French Air Force Dassault-Breguet Atlantie ANG died Tuesday when the aircraft crashed near here, Comoran authorities said.

The plane, on a marine research mission, crashed shortly after takeoff from Moroni bound for the French Indian Ocean island of Reunion. In Paris, the Defense Ministry confirmed the crash but gave no details.

Rural Solidarity Congress Picks WORLD NEWS BRIE Leaders in Boisterous Session

"We have to learn who is against

us farmers," declared a third, "whether it is [Communist Party

leader Stanislaw] Kania, Marshai

Guewa [Stanislaw Guewa, head of

the Communist-run Peasant Party

ne whoever. Whoever it is, we will

deal with him. We must have dem-

ocratic elections to the parliament

The remark drew an ovation.

The speaker went on: Why do you think I am talking so bravely?

Because the country's democratic renewal must take place, regard-

less. Lech Walesa is right - work-

and get rid of Gucwa."

have already done."

U.S. Budget Highlights

WASHINGTON — Highlights of President Reagan's proposed \$695.3-billion budget for fiscal 1982:

· Agriculture: elimination of the \$500-million loan guarantee

program for rural business and industry run by the Farmers Home

Administration, as well as cuts in its funds for farm ownership

• Defense: a \$226.3-billion 1982 budget, with \$39.6 billion in

new spending authority this year and next; a total of \$1.9 billion in military pay increases; \$300 million more for nuclear projects,

primarily weapons; cuts in civilian staff and office expenses; a

new manned bomber, a nuclear surgraft carrier and numerous

· Energy: an 58.7-billion reduction that would gut the synthet-

ic fuels program and eliminate funding for the new Conservation and Solar Bank, weather-proofing grants, and alcohol-fuel and

geothermal energy programs; increases in nuclear spending, in-

cluding work on two reactors; an increase in the strategic petrole-

Foreign affairs: international affairs budget outlays stable

this year and down \$100 million next year; a fund of an unspeci-

fied amount to be used on short notice for "critical security assist-

ance" as part of a \$900-million increase in security assistance; cuts

for the International Communications Agency, the Export-Import

Bank, the Peace Corps and UN agencies, and slower payments to

international development programs; more money for Radio Free Europe and Radio Liberty.

Reagan's 'Sanity' Budget

Sets \$48.6 Billion in Cuts

of the 1930s.

ommendations would preserve the

"social safety net" of income se-

curity programs - such as basic

Social Security pensions and regu-

lar unemployment benefits - that

grew out of the Great Depression

He defended his call for in-

creased military spending, saying that a margin of safety must be

created by rebuilding the nation's defense capabilities.

Senate Majority Leader Howard

and disaster relief: cuts and changes in loan programs; two-year, \$146-million cuts in Food for Peace loans; a \$13-million increase

in agricultural research and extension programs.

read texts of messages to the par-

liament, asking for a law to legal-

ize the union, and to the Council

of Ministers, condemning censor-

brief acceptance speech, thanking the group and God.

By John Darnton

New York Times Service POZNAN, Poland - The old opera house here had never seen a show quite like it.

Nearly 500 farmers fram throughout the country used the elegant prewar building for the first national congress of their still unrecognized uninn, known as Ru-ral Solidarity. The two-day session

ended Monday.
The speeches from the stage delivered under the shadow of a crucifix held aloft by a peasant who was dressed in the richly-embroidered woolen costume of the southern mountain folk — were thandering and at times, meandering. Interjections from the audience were boisterous.

But the proceedings were never unmanageable, only what might be expected from an audience intoxicated with democracy. In the end,

everone got his say.

"You see, it takes time to learn
how to do these things," said a
farmer from Krakow. "You must expect a lot of noise at first. No one here has ever voted before — I mean really voted, with no one looking over his shoulder."

Railors for Leaders

As he spoke, hallots were being passed out, with studied ceremony, as if those in charge were pretend-ing they had presided over scores of elections. The delegates slipped out in ones and twos to mark their ballots and drop them secretly in an urn behind the opera house cur-

The voting was for leaders of the nascent union and for a chairman. The ehoice was between two men, Henryk Gora, a journalist who has returned to the land, and Jan Kulai, a 23-year-old activist from the militant agricultural region of Rzeszow. At the end of the day, it was announced that Mr. Kulaj had won, getting 452 of the 474 votes.

The meeting was important in another respect: It formally joined in a single organization the three separate groups seeking to lead the country's 3.5 million private farm-

The group's full name is the In-dependent Self-Ruling Trade Un-tion for Individual Farmers — Soli-darity." But it will probably be known by the name of the largest of its components, Rural Solidarity. The combined membership is said by the organizers to be about 1.8 million, but they readily concede they are only guessing. The government does not recog-nize the organization as a legitimate trade union.

Widening Jurisdiction

Aside from electing a leadership. the congress had scores of items to attend to, and the group attacked them with gusto. No point appeared to be too small to escape lengthy and pungent oratory.

Shouts resounded through the auditorium when it was explained that the statutes excluded landowners of less than half a hectare (a hectare is 2.47 acres), a qualifi-cation. it seemed, that eliminated beekeepers and mushroom growers. The statutes were amended to include them.

Debate then ensued over the question whether a village elder, who is among other things the tax collector, could hold union office. Finally the man who held the crucifix stepped forward and said: Wait a minute. I'm a village elder and you mean to tell me I can't do anything for Solidarity?" It was decided he could.

The conference seemd about to split over the question of where the headquarters should be - in Poznan, Warsaw or Rzeszow. Mr. Kulaj stilled the storm with a compromise that parceled out various offices to the three towns.

Authorities Under Attack

In their speeches the delegates demanded official registration for their union, attacked harassment hy policemen, demanded religious instruction in schools and in general struck out at the authorities. "They are the ones creating the situation of opposition, not us," said a farmer from Jelenia Gora. "Why do they always tell us

Pole Imprisoned For Hijacking

what to do?" demanded a man

BERLIN — A Polish hijacker who used a dummy hand grenade to force a plane to fly to West Berlin on Dec. 4 has been jailed for

Andrzej Perka, 39, a mechanic, took over the Polish airliner on a flight from the southern town of Zielona Gora to Warsaw and made the crew fly to the U.S. military airbase at Tempelhof. The plane was carrying 19 passengers and a crew of five.

The hijacker said he had been

dismissed from several jobs and had been turned down on at least five emigration applications after he had refused to work as an informer for the Polish security ser-



Baker, R-Tenn., said congressional passage of Mr. Reagan's budget proposals was "attainable." Sen. gressional tax-writing committees planned to introduce the adminis-Baker added that the cuts would produce disruptions in state and tration's tax proposals Tuesday. local governments and force them Mr. Reagan's spending plans. to find ways to pick up costs now certain to stir up a vigorous fight

flation.

by his Democratic predecessor.

Much of the increase Mr.

Reagan is seeking for defense would go toward new weapons, in-

cluding submarines, aircraft carri-ers and planes. Military and eco-

nomic assistance would rise by more than \$400 million to such

countries as El Salvador, Turkey

and Egypt.
Under the Reagan administra-

tion's spending projections, the federal budget would continue to

run up deficits until 1984, when a

razor-thin surplus is anticipated. To achieve that goal, however, Mr. Reagan would have to find new

areas for cuts of \$30 hillion in 1983

To Discuss Arms

LONDON - Britain is negotiat-

sources said Tuesday. They said

that details were not likely to be made final until later this month,

when President Shehu Shagari of

ganization of the arms market

ground attack jets, corvettes

for fishery protection and offshore

The deal will be a big boost for

Britain's arms industry, which lost lucrative contracts with the ouster

of the late sbah of Iran,

Mohammed Reza Pahlavi, two years ago and is facing stiff compe-

fition from French manufacturers. The British industry posted sales of £1.2 billion (\$2.64 billion) last

DMS asserted that, as an incentive, the British offered to set up joint ventures in Nigeria to manu-

facture ammunition, small arms

and armored cars to help offset the

cost of the deal.

and \$44 billion in 1984.

U.K. Reported

Sale to Nigeria
The Associated Press

paid by Washington. in Congress, make a sharp shift in priorities from social programs to "Economic Stagnation" a military system beefed up by the Organized labor, civil rights development of new weapons. groups and other organizations House Speaker Thomas P.
O'Neill, D-Mass... predicted that that oppose the social cuts have already mobilized coalitions to com-

mrc-Resear bat the Reagan proposals. sentiment will ahate "when people In a reference to that oppositruly appreciate" what the budget tion. Mr. Reagan said that some cuts will mean to the country. Then," he said, "the wind will groups "are used to maintaining the status quo — but today's status quo is nothing more than econom-

(Continued from Page 1)

adding that be was acting on a

mandate given to him by the vot-ers last fall.

The revised budget updates a preliminary plan for spending cuts that Mr. Reagan made public last

month. It has been sent to Con-

gress along with Mr. Reagan's pro-

posal to trim personal income tax

rates hy nearly 30 percent over the

next three years and to cut busi-

ness tax rates through accelerated

Top Republicans on the con-

depreciation schedules.

The Pentagon's share of the budget would rise from 24 cents of each federal dollar this year to 27 cents in 1982 and 37 cents by 1986. under Mr. Reagan's plan.

Welfare Cutback

Benefit programs that provide aid to individuals, such as Social Security and unemployment compensation, would continue to account for about 48 cents of each federal dollar.

Mr. Reagan detailed most of his planned curbacks on Feb. 18. Newly announced cuts include:

 Dropping a Carter proposal that would provide an investment tax credit to companies that do not make enough money to pay in-come taxes. The savings would total \$3.5 billion, the largest single new reduction in the revised budg-

· Increasing Mr. Carter's proposed cut in welfare hy another \$500 million to more than SI billion, and tying benefits to a work requirement — known as "workfare" — that Mr. Reagan pro-moted while governor of Califor-

 Reducing planned construc-tion of subsidized public bousing for the poor by another 50,000 units. New construction would toing an arms deal worth more than £600 million (about \$1.32 billion) with Nigeria to bolster the West African country's defenses, official tal 175,000, down from the 260,000 urged by Mr. Carter.

 Chopping another \$300 million from educational grants to states and localities, in addition to the S1.1-billion reduction proposed earlier. Reducing funds for food

Nigeria visits London.
The sources gave nn other details, but DMS, the intelligence ora total reduction of \$2.3 billion. About \$200 million of the new cut would affect Puerto Rico. gamization of the aims market, said that Foreign Secretary Lord Carrington offered Nigeria an "at-tractive arms package" when he visited Lagos last month. DMS said the deal included Jag-Eliminating \$700 million from Veterans Administration programs by reducing planned VA hospital construction, closing Vier-

stamps by another \$500 million for

nam veteran counseling centers and trimming personnel.

• Abolishing legal assistance for poor people, saving \$312 milpatrol duties and Rapier low-level and-aircraft missiles.

Spending Growth

Mr. Reagan also asks Congress to can the 1981 budget by S6.4 bil-lion, a move that would lower

spending in the current year to \$655 billion.

Despite the sharp program cuts for fiscal 1982, which begins Oct. 1, Mr. Reagan would only slow not stop — the rise in federal spending. Under his plan, spend-ing would increase 6 percent next year, compared with 13 percent

Mr. Reagan said his budget rec-

U.S.-Soviet Talks Unlikely Until Late Sun United Press Inti-

WASHINGTON - The State Department said Tuesday that a American summit meeting was not likely to be held before late s from Piotrkow. "They pull us ers and farmers are united. What around like a horse with its eyes those commudes over there in Rusand would require careful preparation and consultation with U.S. Spokesman William J. Dyess said it is a reasonable assumption sta could not do in 62 years, we At the day's end, the leaders

U.S.-Soviet summit session would not take place before the annual ern economic summit meeting, scheduled in Ottawa July 21-22.

The Soviet Union has been pressing for an early encounter by President Reagan and President Leonid 1. Brezhnev, and repen proposal in a letter received by the State Department Friday.

U.S. Ambassador's Car Is Fired On in Bei Linual Press Internal

when Mr. Kulaj was announced as the winning candidate for chair-man, the young farmer was hoisted BEIRUT - A sniper fired at the motorcade of U.S. Ambassark Gunther Dean in the commercial district of Beieux Tuesday, En sources said no one was hurt in what may have been the second a nation attempt on Mr. Dean in seven months.

aloft. Inseed a dozen times and handed flowers, while the audience rose to sing "Sin Lat," or, "May be live 100 years." He made a very Police sources said it was not certain that Mr. Dean was the

Police sources said it was not certain that Mr. Dean was the since the district is often the scene of susper clashes between peacekeeping troops and Christian militainen. Mr. Dean's firm was not hit, but an accompanying sociarity vehicle was.

Last Aug. 27 Mr. Dean and his wife were attacked in their plated Cadillac, along with bodyguards in two other vehicles, it chine guns and a rocket-propelled greaade; no one was hart at assailants were never caught. A previous U.S. ambassador, if Meloy, was ambushed and murdered in Bearm in 1976.

Tibetans Stone Chinese Embassy in New D. United Press International

NEW DELHI - More than 1,000 Tibetans marched to the CI Embassy chanting "China, get out of Tibet" and some of them and stoned the embassy Tuesday on the 22d anniversary of the takeover of their homeland.

Riot police clubbed back women who tried to break into the pound to plant a Tibetan flag. Several Tibetan demonstraters and f policemen were injured in the battle.

Several young men broke into a son and scaled the stone walls a the compound while others lobbed rocks inside. Many of them spir

Dayan Sees Sadat on Private Visit to Egyp The Associated Press

CAIRO — Insisting that he was on "a private visit as a private cili former Israeli Foreign Minister Moslee Dayan declined to tell journ what he and President Anwar Sadat talked about during their hop

meeting here Tuesday.

Asked for his opinion of the current state of the Egyptian-Israelia talks on autonomy for the Palestinians, Mr. Dayan, who was or Israel's key negotiators in the peace talks with Egypt, would not ment, saying. "I can't speak on behalf of the Israeli government."

Mr. Dayan arrived on Monday at the invitation of the magazine ber. His meeting with Mr. Sadat was the only official function of

Unesco Denies Being Opposed to a Free Pr

PARIS - Unesco complained on Tuesday that it was being malic ly accused of plotting against press freedom. Herve Bourges, spoke for the UN agency's director-general, Amadou Mahtar M'bow of S gal, said it was the victim of a well-planned usempaign of vilification.

Officials of the United Nations Educational, Scientific and Cole Organization said the complaint was prompted by an article by Chutkow, an American journalist, in the French news magazine L

At Unesco conferences, Western delegates have resisted after within the agency to lay down international codes of conduct for a nalists and to assign special responsibilities to them, such as working peace or against racism. They argue that journalists must be free government controls and must judge news solely on its merits.

U.S. Officer in El Salvado Cites Non-Combat Order

(Continued from Page 1) "Organization," he replied.
"Discipline, motivation, primarily,

on the soldiers' part."
According to embassy officials, the 14-man detachment assigned to helicopter operation and maintenance training is part of a contingent of 54 American servicement. who are in El Salvador or sched-

There has been speculation that the Reagan administration was considering the dispatch of more advisers, but no official here would confirm that, The minister of defense, Col.

ic stagnation coupled with high in-Jose Guillermo Garcia, said however that the number of advisers Mr. Reagan's hudget cuts, based on spending projections that he in-berited from Mr. Carter, include requested by El Salvador was "far fewer" than 100, although he would not be more specific. S8 billion in savings recommended

In addition to the 14 servicemen involved in helicopter training, there are 15 U.S. Army soldiers assigned to teach "combat skills" to Salvadoran soldiers. This group is divided into three "small-unit training teams."

The next largest group of American soldiers here is a detachment of 10 assigned to the office of Col.

Dan Cummings, the commander
of the military group in charge of
assistance and liaison with local

Another detachment of Army advisers is assigned to help the joint military staff establish a "command center," which would enable the leaders of the armed forces to exercise greater control over soldiers in the field.

Patrois Ruled Out Four servicemen are assigned to

the office of the defense attache at the U.S. Embassy, and six U.S. Navy personnel are assigned to assist the tiny Salvadoran Navy. "They will not accompany any Salvadoran patrol boats on any

operational mission of any kind whatsoever," an authoritative source familiar with the mission of the U.S. armed forces bere said. According to an embassy spokesman, those 54 servicemen are the only U.S. military men in El Salvador, except for a detachment of U.S. Marines that pro-

Cabinet Named By Thai Leader

Return Premier Prem Tinsulanonda completed a new Cabinet on Tuesday to replace the coalition government that was dissolved last Wednesday, Thailand radio announced. It said that Gen. Prem had handed the list to King Bhumibol Adulyadej, whose ap-

The previous coalition government collapsed after a year in office when its largest partner, the Social Action Party, withdrew following a dispute with another partner, the Cheet The Theorem the Chart That Party.

The Chart Thai and another major partner in the last coalition have agreed to join the new gov-ernment, together with the United Democratic Party, a grouping of independent parties.

vides security at the embassy itse As outlined by U.S. officials, Carter administration provided million in fiscal year 1981 to: for "non-lethal" military assista to El Salvador and later a grani \$5.2 million for combat eye

They are talking about \$25 ion more," according to a U.S. ficial. Such a loan or grant we represent the first military ass. ance provided to El Salvador the Reagan administration.

American Injured

SAN SALVADOR (UPI): The first U.S. military advises be injured in El Salvador has b evacuated to Panama for the ment, a U.S. source said.

not be indentified, said Monthat the soldier's injuries v "light" and that he would soon turn to El Salvador. Unconfirmed reports said t

the adviser was injured when other adviser dropped a handi that discharged. But the source clined to comment on that vers beyond saying that the man hurt Friday and evacuated same day to the Panama Ca

at dawn around the capital. A powerful bomb rip

through the home of Jose Tor Carbonel, father-in-law of ju-member Jose Antonio Mora Ehrlich, wrecking part of the he and wounding two employees, o

Giscard Assert Diamonds Solo For Charities

The Associated Press

PARIS — President Valer
Giscard d'Estaing said Tuesda
that the diamonds be receive as gifts from Jean-Bedel Boks: sa, the deposed ruler of the for mer Central African Empire had been sold and the proceed given to charities in that nation In a television interview opening his campaign for re election in the spring, he decim cd to say bow much the dia monds were worth. He would only say that they were "of me dium value" on the scale of pre sents from heads of state.

The satirical weekly L-Canard Enchaine disclosed in 1979 that Mr. Bokassa, deposed in a French-led coup in Sep tember of that year, had give Mr. Giscard d'Estaing present of diamonds when the latte was finance minister. The news paper asserted the diamond

were worth about \$250,000. The president said that the diamonds were sold recently and the proceeds sent to President David Dacko of the Central African Republic. Most of local Red Cross.

The source, who asked that

Zone for treatment.

Officials reported that at k
35 persons died in political
lence on Monday, including se
victims shot in the head and for

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, MARCH 11, 1981

est German Doubts Threaten int Arms Ventures in Europe

3y Axel Krause tional Herald Tribune

- West German plans to or cancel future defense ave triggered a search for alternatives, possibly in-U.S. participation in a c tactical lighter for the avernment and industry 1 European capitals said

> government sources t-lipped about emerging tween Paris and Bonn ments by Defense Minis-Apel in Bonn Saturday

lation of a French-West German even though the form may battle tank and an all-weather at-change."

Another French source said that President Valery Giscard d'Estaing and Chancellor Helmut Schmidt "may have to work it out in their discussions, but we do not rule out

adians Greet Reagan h Host of Grievances

VA - President Reagan ere Tuesday on his first ip abroad as president id his Canadian bosts or explanations about a ues ranging from fishing he U.S. role in El Salva-

agan and his wife, Nanwelcomed at the airport nor-General Edward R. and other officials before motorcade to Parliament et Prime Minister Pierre

ans were not pleased. Reagan withdrew a ida fisheries treaty from onsideration four days action was greeted in Ot-t "profound disappointregret," and was sure to the agenda in conversareen Mr. Reagan and Mr.

adeau also was expected Reagan that Canadians ed of the U.S. decision to ary aid to the junta in El

agan's campaign propes-loosely defined North accord also has encounidation in Ottawa, Even officials conceded that iosal for cooperation ntinental neighbors had apreted as an "energy

ificials who briefed readvance of Mr. Reagan's that the main purpose of my was for the conservadent to meet Mr. Trureral who has led Canada I.S. chief executive to vis- tion.

tack helicopter. The projects have been under study in Boan and Paris for more than a year. "If the Germans are having bud-

getary problems this is understandable, and at this point we do not want to comment on the re-ports of cancellations," a French government source said.

it Canada since 1972, when Richard Nixon made the trip.
The White House press secretary, James S. Brady, said Monday that Mr. Reagan was simply being realistic when be withdrew the fisheries treaty from Senate con-

"It was obvious to everyone that the fisheries treaty was not going to go anywhere in Congress," Mr. Brady said.

The treaty would have allocated fish catches between the two nations and provided for joint man-tions and provided for joint man-agement of the fishing grounds in the Gulf of Maine and on George's Bank, off the New England coast. It has languished before the Senate Foreign Relations Committee for the last two years because of oppo-sition by New England congress-men.

Demonstrations Planned

The president was to be wined, dined and entertained, but be was also expected to be confronted with demonstrations and protests. A demonstration was planned by environmental groups to protest the alleged reneging by the United States on promises to limit fallout

of acid rain on Canada.

Uoless Mr. Trudeau beld him back, the minister of environment, John Roberts, planned to attend the rally a few hours before he was to join official talks on the prob-

Another demonstration was expected to protest the shipment of U.S. arms to El Salvador, Mr. Reagan was expected to spend some time explaining his policy on that issue. Last week, Mr. Trudeau called that policy a mistake, and the secretary of state for external affairs, Mark MacGuigan, repeat-ed the Canadian preference for a political settlement in El Salvador rruphon. Mr. Reagan is without outside military interven-

. Space Shuttle Crew imistic on April Flight

George Alexander Angeles Times Service

ON - The two astroare to fly the U.S. space lumbia on its first flight next month have pro-oth themselves and their ic ready, willing and eaertake the mission.

st about ready to go," commander John W. , now on a Cape Canav-launch stand, "and I can intee you that Bob and I

is Navy Capt. Robert L. 43, the Columbia's pilot. g a veteran of two Gemo Apollo flights, will di-wo-and-a-half-day, 36-orhat is scheduled to begin

ing at a press conference n, the two men showed a film explaining their rening programs and an-estions for more than an as the final press conferre their flight.

'referred 'Abort'

scussing the various that have been planned slumbia's ascent trajectoevent of engine problems. ig said that the one that ipt. Crippen prefer would n directly from Cape Cao a landing strip at the all base at Rota, Spain. fer it because "it doesn't ae use of ejection scats or wim," Mr. Young said. bort' trajectory would be ly if the Columbia lost s three liquid-fuel rocket ite in its climb. Unable to tto space, Mr. Young and ippen then would steer e plane toward Spain at a 1 of almost 15,000 miles

astronauts emphasized did not expect any major during the maiden flight e technical problems that ayed the shuttle's launch t three years, Mr. Young that "engineering prob-he name of the game."

170 Major Tests

ational Aeronautics and iministration has identimajor test objectives for a's four test flights from the performance of plane's solid-propellant nd liquid-fuel rocket enhe opening and closing of ot-long cargo compart-ors — and 130 of those be attempted during next

ientific or technological

the shuttle crew for the initial 541/2bour shakedown cruise, and no

space walks are planned. Mr. Young expressed strong feelings about the value of the shnttle system to the nation's future. A fleet of four, possibly five shuttles is to be built and operated in space through the remainder of this century.

"There is no question in my mind that the capability to put 65,000 pounds in a low Earth orbit will absolutely revolutionize the way we do business bere on earth." Mr. Young said of the space plane's cargo carrying capacities.

"It will measurably improve the defense capability of the country and it will help develop science and technology. When it [the shut-tle system] is operational, we will do in five to 10 years in space what it would take 20 to 30 years to do

West German government sources said in Bonn Tuesday that no final decision had been reached on joint development and production of the tank.

"It has not yet been canceled and no final decision will be made until later this spring," an official said, adding that costs had been the subject of intense study and that both projects "may be pushed into the future."

"We have learned from the high costs of the Tornado fighter that we must come up with radical, new and less costly answers to our de-fense procurement," the official

Industry sources in West Germany, France and Britain agreed that less costly approaches to future defense projects in NATO may dominate planning from now on, notably with regard to development of a feeter failure. This opment of a tactical fighter. This project has been under study at the defense ministries of the three countries for nearly a year.

The European Combat Aircraft, as the projected fighter is known, was being considered by defense and industry planners as a replacement for the McDonnell Douglas F-4F Phantom in the West German Air Force and the French-British Jaguar fighter in the French and British air forces.

Mr. Apel, who has never concealed his dismay over the ECA's estimated start-up cost of 10 billion Deutsche marks, said at a news conference that, for budgetary reasons, his government was ary reasons, his government was not prepared to pay to help launch the fighter. He added that Bonn had not yet decided whether, when and how such a fighter should be

There are several alternatives, industry sources said, including

possible joint development of a new fighter by U.S. and West Ger-man and other European groups. For several years, Northrup has been working on fighter develop-ment with West Germany's Dornier aerospace group. McDonnell Douglas has had similar contacts with Messerschmitt-Boelkow-Blohm, the largest West German

aerospace company.

"In light of the new cost-cutting in Bonn, there could be a shift in favor of working with the Americans directly, or even buying a new U.S. fighter directly, off-the-shelf," a semior West German official said "Both alternatives appear to said. "Both alternatives appear to make more sense than the ECA

He added, however, that "these decisions have not yet been made, and more studies will be required."

Swedish Air Force

British industry sources said that several alternatives might now. be considered in Britain as well including a smaller version of the ECA — involving one instead of twin engines — that has been un-der study by British Aerospace. Such projects have been dis-cussed with the Swedish Air Force.

A British industry official said Tuesday that "others in Europe could become interested as well, since we do have the options and we also have felt the cost pressures of the Tornado." That plane, being built jointly by West Germany, Britain and Italy, has been the subject of intense controversy in West Germany for its soaring costs.

French aerospace officials said that, although Bonn was canceling some orders for French-built Milan and Roland missile systems this by no means meant the end of collaborative marketing of the systems through Euromissile, a company owned by MBB and France's

There are new delays in Germany, but not an end to all cooperation," a senior French industry official said. He added, bowever, that "the news out of Bonn is not exactly helping the friendly atmos-



Dr. Bruce A. Reitz (left) and Dr. Norman E. Shumway (right) transplant a heart and a hung into Mary D. Gohlke in the fourth operation of this type and the first in almost one decade.

New Drug Lends Hope in U.S. Heart-Lung Transplant

By Harry Nelson

Los Angeles Times Service
STANFORD, Calif. — Surgeons at Stanford
Medical School have performed a combined beart and lung transplant — the fourth such operation and the first in nearly 10 years — with the use of a drug that they believe will improve the survival rate of the operation.

The recipient, Mary D. Gohlke, 45, of Mesa, Ariz., was doing as well as could be expected, Dr.

Bruce A. Reitz said.

Dr. Reitz and Dr. Norman E. Shumway performed the four-hour operation using the heart and hungs of an unidentified donor from the San Diego area. They said that laboratory investigations during the last several years have led them to believe that a new drug called cyclosporin A may greatly increase the chances of survival of transplant patients. It suppresses the body's tendency to reject foreign tissue without damaging the im-mune system's ability to fight infection. Mrs. Gohlke, the mother of two teen-age sons,

is a victim of pulmonary hypertension, a condition in which the pressure in the artery carrying blood from the beart to the lungs is excessively high. She is said to have told acquaintances recently:

"We would still be in the trees eating bananas if we didn't try things. We've got to try things, not just sit on our hands. If I die, I want to leave my family, my sons, the thought that at least mom The only other combined heart and lung trans-

plants were done between 1968 and 1971 by Dr. Denton Cooley of Houston, Dr. E. Walton Lillehei of New York City and Dr. Christian Barnard of South Africa. The longest survival was 23 days.

U.S. Now Wants to Review Entire Text Of Draft Pact Governing Use of Oceans

By Don Shannon

Lor Angeles Times Service
UNITED NATIONS, N.Y. —
The new chief U.S. delegate to the
Law of the Sea Conference said that the Reagan administration wants to reopen the entire text of the treaty governing use of the

The demand, other delegates warned, would destroy the pact, which had been tentatively agreed on after seven years of negotia-

named head of the U.S. delegation Saturday after the abrupt dismissal of the previous chairman, George H. Aldrich, made the statement to reporters Monday before the openng of the 10th session of the con-

ference.
"We're going to subject the draft treaty to an intense review," Mr. Malone said. "We've made no judgment for or against it but the president and the new administration feel we need a thorough

Deep Seabed Mining

Last Thursday, a Department of State official told a Senate subcommittee that most of the draft document was satisfactory and that only one section - dealing with deep scabed mining - would

be reopened by Washington.

Mr. Malone, asked Monday if
the administration had changed that position, said that mining was an area of concern but that "we want to look at the entire text." The official who testified before

tary of state-designate for oceans and international environmental and scientific affairs, were Michael Calingert, deputy assistant secretary of state for economie and

business affairs, and Charles Horner, a former aide to Sen. Daniel P. Moynihan, D-N.Y.

Mining Interests

wreck the wbole thing,"

Norwegian delegate said.

U.S. delegation during the Ford administration and later was employed by U.S. mining interests. Those interests had objected to provisions in the treaty for seabed exploitation of minerals by an international enterprise that would divide profits among signatory

denness of the shift by Washing-

A Defendant's Right to Silence New York Times Service WASHINGTON - The Supreme Court has ruled that a crim-

The 8-1 decision on Monday reversed the burglary conviction of a Kentucky man who decided not to take the stand at his trial. He asked the judge to instruct the jury that he had a right not to testify and that his exercise of that right leading institutions in the industrialized world, the government is so-liciting "soft" loans not only from the World Bank and the Interna-

the instruction and the Kentucky Supreme Court upheld the convic-

Writing for the majority, Associate Justice Potter Stewart said that

speculation on the meaning of that silence exacts an impermissible toll on the full and free exercise of the involved, primarily Japan, offered privilege," Justice Stewart said. cheap loans to pay for their completion and investment funds to

Political Return United Press Internation

BELFAST - Irish nationalist Bernadette Devlin McAliskey said during the first news conference since she was wounded in an assassination attempt that she will return to politics.

Mrs. McAliskey, 33, still wore a cast on one leg and came to the news conference Monday on crutches. She and her husband were wounded in a terrorist raid on their isolated farmhouse on Jan. 16.

Army prisoners and would probaat 21, she was the youngest woman ever seated in the British Parlia-

Romania Lags Badly In Food Production

By David Binder

New York Times Service

WASHINGTON — Romania, traditionally the breadbasket of the Balkans, is having trouble providing enough food for its inhabitants, a situation that has provoked forces, strikes, and demonstrates. factory strikes and demonstrations, according to reports reach-

ing here.

There was a 5-percent drop in farm production last year, published statistics show, and President dent Nicolae Ceausescu has made agriculture a prime concern in re-cent weeks.

The Reagan administration has received a dozen reports of strikes and demonstrations protesting food shortages in western and central Romania since the beginning of the year, but U.S. officials said they had seen no indications of repressive measures.

Farming Council

Mr. Ceausescu has taken administrative steps to deal with what be described as serious lags in farming. He is considered by U.S. administration officials to be well aware that it was the drastic increase in food prices that was a crease in food prices that was a primary cause of the strikes in Poland last summer — actions that eventually spread across the coun-try and led to the independent un-

Last month, Mr. Ceausescu replaced Vasile Marin, the Communist Party Central Committee sec-retary responsible for agriculture, with a Polithuro member, Emil Bobu. He also ordered the formation of a government-level National Council of Agriculture, comparable to the existing National Council of Working People, which was established to guide industrial

production.
In Brasov on Jan. 21, in a harsh speech on farm problems, Mr. Ceausescu warned: "Any violation of the quota provisions in the regional growing of plants will be viewed as a violation of the law and will be punished." He also spoke of "legal provisions on sow-ing," saying: "Anyone who dumps com or any other crops on the ground must be tried for sabo-

A month later, in an address to gricultural management officials Bucharest, he acknowledged that his government had been guilty of neglecting the importance of increasing agricultural production by stressing investment in industry — a chronic problem in Communist countries that was one of the causes of the trouble in Poland.

Speaking of "disproportions" in investment policy, Mr. Ceausescu said that this had "a negative impact on peoples' living standards," and "damages the cause of structing Socialism." But he did not indicate a shift in investment priorities. Instead, he said that ag-riculture would be helped if administrators and bureaucrats moved out of their offices and worked in the fields.

Role of Women

Another aspect of the farm situation that he touched on is that 70 percent of Romania's farm work-ers are women. Visitors to the countryside can confirm that most of the tractor drivers and dairy laborers are women, many of them old. Most of the men have gone to the towns and cities to work in fac-

In his Feb. 19 speech in Bucharest, Mr. Ceausescu said: party and government highly assess the work carried out by millions of women in agriculture." Af-ter extending "warmest congratuations and best wishes," he added: "I hope they play an ever more im-

2 Jailed for Hurling Paint on Aides at UN

The Associated Press
NEW YORK — Two members
of a small Maoist political party have begun serving one-year pris-on terms for burling red paint on Soviet and U.S. delegates during a UN Security Council meeting on

Steven Yip, 29, and Glen Gan, 30, turned themselves in Monday to a federal marshal after saying that they would ask the U.S. Supreme Court to review their felony convictions.

portant part not only in work in the fields but also in leadership of agriculture.

Agriculture has been largely collectivized for years, with private farms eventually becoming either state farms or cooperatives. But it is a measure of the food production problems that independent farmers, although small in number and in the amount of land they work, make an unusually large contribution to total production.

A dispatch Monday by Agerpres, the official press agency, said that in some categories private farmers produced a quarter of the total harvest even though they tilled only 10 percent of the farm-

As for President Ceansescu, specialists in Washington said that, although he might have faced some difficulties last autumn, when he vanished from public view for sev-eral weeks, he now appeared to be riding out his problems.

Turks Worry Over Europe Criticism

By Marvine Howe New York Times Service

ANKARA — Turkey wants to remain part of Western Europe's democratic community and Ankara is concerned over what it sees as a campaign to expel it.

A delegation from the West German Bundestag's Foreign Af-fairs Committee visited Ankara recently with the declared aim of encouraging Turkey's military rulers to restore democracy as quickly as The West German legislators

said at a news conference that they believed continued economic and military aid to Turkey would speed up a return to democracy. The sixmember delegation said it had the impression that torture was not taking place with the knowledge of the military leadership and that all complaints of torture were investi-

This followed a visit by a delega-tion from the Western European Union, which heard exhortations from all sides that Turkey wanted to be accepted as part of the West European club despite last September's military takeover.

Return to Democracy

Gen. Kenan Evren, the chief of the ruling military junta, who received the 32-member European Union delegation, made an impassioned commitment to a return to democracy. "Turkey is an indivisible and inseparable part of a democratic and free Europe and wishes

to stay so," Gen. Evren declared. Even politicians whose political activities have been suspended by the junta urged the Western Europeans to give the military regime time to fullfil its pledge.

The conservative former premier, Suleyman Demirel, said after his meeting with the delegation: We have explained to them that Turkey will return to democracy but should not be pushed into a

Similarly, the acting bead of the left-of-center Republican People's Party, Mustafa Ustundag, expressed his belief in "the sincere intentions" of the military rulers to restore democracy.

eaders, are worried about threats from within the Council of Europe to suspend Turkey's membership until democratic rule is restored. The Council of Europe sent a fact-finding delegation last month to study the situation and resolved at its assembly to review in May the progress made toward the res-

The generals, as well as political

toration of democracy. The resolution said the Turkish government should provide specifinformation on the conditions and the timetable for the restoration of democratic institutions, and show its determination to respect buman rights. Turkey's rulers were said to fear that expulsion from the Council of Europe might make it more difficult to obtain necessary economic credits and



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China Conceding Need for Foreign Help

By James P. Sterba New York Times Service

PEKING — Accustomed to hid-ing its troubles and boasting of its successes, China withheld for years the news that 242,000 people died and 164,000 were seriously injured in the earthquake of July 28, 1976 which leveled the city of Tangshan and badly damaged Tianjin and Peking. Offers of disaster relief were refused.

Sichuan province on Jan. 24 was publicized within hours, with officials giving estimates of injuries and damage, which were relatively minor. Within days, the govern-West Financing

In sharp contrast, a strong

earthquake in a rural section of

Hotel in Peking PEKING — Work began here Tuesday on a luxury 1,000-bed hotel, a joint U.S.-Chinese venture backed by a Western consortium led by the London-based Nordic

The \$72-million structure of 22 storys, designed to withstand an carthquake of magnitude eight on the Richter scale, will be known as the Great Wall Hotel, although the wall is about 40 miles (70 kilometers) away.

The China International Travel Service and the Bermuda-based E.S. Pacific Development and Construction Co. will jointly run the hotel for 10 years, sharing profits and losses. Then the hotel will revert without compensation nts will be undertaken by to the Chinese.

ment accepted emergency relief aid, including cash and woolen blankets, through the Red Cross societies in 14 countries. The contrast illustrates the na-

tion's rapid dismantling of its facade as a proud and successful, self-reliant giant. It now acknowledges not only that it is a poor Third World nation with its share of bungry people and disaster victims but also that it wants and needs foreign aid for everything from refugee relief to industrial de-

Foreign Aid Cut

Within the last two years, the government has sharply curtailed foreign aid projects overseas, mainly to other Third World countries, and moved to tap foreign aid funds for itself from international agencies, individual countries and even foreign businesses and corpo-

Although self-reliance continues to be a theme of government propaganda for domestic consumption, the anthonines are actively soliciting foreign aid thinly disguised as mutual assistance and cooperation" in which China's contribution is not apparent. Starting in 1979, China accepted

UN funds to help it deal with

250,000 refugees from Vietnam. It

subsequently used the UN World Food Program for emergency supplies of grain and edible oils. The United Nations plans to spend \$200 million for development and population control projects in China in the next few years.

Last month, a UN team sur-

gent relief aid for bungry peasants and homeless flood victims in several provinces. The authorities readily conceded that they needed help to look after millions of victims of the worst floods and droughts in a quarter of a century. Government's Candor

The government's candor this

time contrasted sharply with its inability to acknowledge its troubles in the early 1960s, when hundreds of thousands of people reportedly died of starvation and famine because of droughts and floods that the government did not admit had Rather than pay the interest rates for billions of dollars in loans

India Cites Glut In Opium Supply

NEW DELHI — India, one of the world's largest opium producers, has expressed concern at a surplus in the international market. Minister of State for Finance S.S. Sisodia told an international narcotics seminar on Monday that several countries had raised their output of poppy straw and its concentrates to enter the world market. He said that this had affected exports by traditional opium producers such as India, where stocks

were accumulating. India and Turkey have traditionally been the only legal opium suppliers. But now other countries, especially Australia, have started veyed the country's flood and cultivating poppies to extract opi-drought problems and, shocked by

partment's Law of the Sea Office and a veteran of the negotiations. Along with Mr. Aldrich and Alan G. James, executive secretary of the delegation, Mr. Taft and other career foreign service officers were removed from the delegation.

Added to the delegation besides Mr. Malone, who is assistant secre-

Delegates of the 150 nations assembled for the renewed session reacted with shock Monday at the new U.S. policy. "If they want to reopen the whole text, they would

The emergence of Leigh Ratiner, who stood at Mr. Malone's cibow. as an "expert" member of the U.S. delegation also drew unfavorable comments from other nations.

Mr. Ratiner was attached to the

An Asian delegate who refused to be identified criticized the sud-

the Senate snbcommittee was ton, signaled a week ago by Depu-George D. Taft, director of the de-ty Secretary of State William P.

\$550 million two weeks ago - but also from foreign governments and Deng Xiaoping, the deputy party chairman who runs the country, suggested that he might go ahead with joint ventures in heavy industrial development that China wants to cancel if the governments

tional Monetary Fund — the latter

approved a low-interest loan of

pay for their operation. Mr. Deng made the offer in a meeting with Japanese officials after his government had sent telegrams to Japanese corporations accouncing the cancellation of projects, including the second phase of the huge Baoshan Steelworks in suburban Shanghai.

In January, West Germany announced a technical assistance program, primarily involving German experts training Chinese, in which subsequent cheap loans were said not to be available. However. Bonn left open the possibility that its assistance program could be paid for through outright grants and that government-to-government largess might be arranged for other development projects.

U.S. bankers in Peking say that, unlike other Third World nations that have borrowed their way into enormous debt-service difficulties. China has remained prudent so far, not accepting loans that carry high interest rates.

agreement on scabed mining at this session of the conference. Work on the treaty had been ex-pected to be completed at this session, enabling the agreement to besigned in Geneva this summer. Kuwaiti Ambassador Abdullah Yaccoub Bishara expressed regret at the graceless dismissal of U.S. diplomats, particularly Mr. Addrich, who have established warm

United States would not sign an

relationships with other delegates in the years the negotiations bave been under way. The conference opened and closed after a brief address by UN Secretary-General Kurt Waldheim who presided in the absence of a successor to conference chairman Shirley Amerasingat of Sri Lanka, who died in December. Delegates said that they doubted whether a resumed session, possibly Wednes-day, would be able to accomplish

any business, however, until the

United States completes its review

and announces its new position. **U.S. Court Backs**

inal defendant who chooses not to testify in his own defense is entitled to have the judge instruct the jury that no inference of guilt can be drawn from that choice.

cannot be used as an inference of The trial judge refused to give

the right not to testify is part of the Fifth Amendment privilege against compelled self-incrimination. The failure to limit the jurors'

Devlin Planning

She said that she was resuming her role in the campaign for politi-cal status for Irisb Republican bly seek election to Parliament in a vacancy created by the death of Frank Maguire. Twelve years ago,

Page 4 Wednesday, March 11, 1981

East-West Arms Talks

The United States seems ready to accommodate its European allies by consulting on how to get talks going again with the Soviet Union on limiting theater nuclear weapons. That's good. Carefully prepared East-West negotiations aimed at reducing arms stockpiles and deployment are always desirable. The willingness of the United States to participate even in preliminary planning for such talks is encouraging because it shows sensitivity to West European concerns and it could represent a sign of flexibility in the Reagan administration's approach to the Soviet Union. Secretary of State Alexander Haig appears to have gone even beyond preparedness to discuss tactical nuclear weapons in Europe. He suggested that the United States was ready to negotiate with the Soviet Unioo "in all fields at all levels."

The U.S. positions, outlined in a joint press conference by Secretary Haig and West German Foreign Minister Hans-Dietrich Genscher, are apparently the third stage in a rapidly developing diplomatic scenario. First President Reagan and Secretaries Haig and Weinberger talked tough. Then Soviet President Brezhnev and a bevy of Soviet diplomats conducted a propaganda blitz that was all sweetness and light, and included an offer for a summit meeting. Now the United States has accepted the Soviet invitation to dance, at least in principle. The next step is agreement on ground rules for resumption of ne-

In the case of the theater nuclear talks. that raises questions like whether the West should accept even a temporary moratorium

on development or deployment of tactical nuclear weapons. as Moscow has now suggested, while the Soviet Union has a clear advantage in this field. The Russians continue to deploy SS-20 missiles with three warheads and a range of more than 3,000 miles at a rate of about six a month. There are now more than 200 such missiles pointing West as well as hundreds of single-warhead SS-4 and SS-5 missiles and about 90 Backfire bombers. NATO has only 500 single-warhead missiles deployed and unless the 572 single-warhead Pershing-2 and Cruise missiles scheduled for deployment in 1983 are put into service, the balance will continue to deteriorate badly. Little wonder that the Kremlin likes the idea of a moratorium.

There is evidence that the Sovet Union regards the balance in Europe to be of virtually equal importance with the overall strategic balance. If that is so, Moscow is unlikely to give away any part of its advantage. Yet to cut into the Soviet lead, the West will have to get a lot more than it gives. That will be at the heart of the U.S.-European consultations. The West Germans, for example, who will have the new U.S. missiles on their territory. want the talks more than Washington and may want to settle for less than the Reagan administration. As desirable as theater nuclear negotiations are, it would be an obvious mistake to begin them until a joint U.S.-European position has been reached. And it would be a bigger mistake to settle for an agreement that codifies continuing Soviet su-

INTERNATIONAL HERALD TRIBUNE.



President Reagan's tax cut has now passed through the first phase of congressional examination. The administration has laid out a detailed plan, and it has gone through the first round of hearings in the House. The crucial development in this early round is that the president's supply-side theory seems to have made no converts.

A lot of people favor a tax cut, but only on the conventional grounds that inflation automatically imposes increases that have to be offset by Congress from time to time - and the time is now due. Except for the committed few theologians of the movement, it is hard to find much enthusiasm for the specific logic of the supply-side tax cut. The truly interesting thing is the cool and distant reception it has got in the financial and business world. The people in the money markets remain unsentimental and agnostic. They keep looking but — to judge from the flood of speeches, newsletters and analyses — cannot for the life of them see Mr. Reagan's vision of booming prosperity amid steadily sinking inflation. Instead, they see larger deficits than Mr. Reagan does, resulting in unpredictable interest rates and poor economic

The supply-siders' failure to hold the initiative has substantial political importance. It means that Congress will have a free hand to take the president's plan apart and put it back together along lines that seem more promising. Since that's not a rapid process, it also means that the bill will move on a much slower schedule than the administration ex-

The supply-side theory is in serious trouble at several points. It argues that lower marginal tax rates are essential to provide incentives to work barder and save. Yet for the vast majority of taxpavers the Reagan plan offers no change at all in marginal rates. Inflation will keep pushing them up through the brackets as fast as the rates in each bracket are reduced. Congress, sensibly enough, is thinking about writing in explicit inducements for saving and investment.

There's a lot of resistance in Congress to Mr. Reagan's idea of legislating a series of tax cuts several years into the future. No doubt some congressmen fear an attempt to force them into further spending cuts, still unspecified, in the years ahead. But a lot of people in both parties, not being new to Washington, think that it will work the other way - that the present enthusiasm for budget-cutting will diminish as the next presidential election gets closer. That would leave tax rates declining without any balancing reductions in spending - resulting, once again, in big pre-election deficits.

The argument for three years of tax cuts in one bill is that it would let people know what to count on. But taxpayers know that their personal taxes in 1984 will be influenced as much by future inflation as by present legislation. That's the point at which the supplyside logic goes circular. If people don't believe that inflation will be falling rapidly by 1983, the plan won't work. And if the plan doesn't work, inflation won't be falling in

THE WASHINGTON POST.

Progress Report on Energy

Energy consumption is down in the United States, and energy production is up. Oil imports are down sbarply, and coal exports are up. The Department of Energy bas just published the preliminary figures for 1980, and the patterns are striking. Total energy consumption seems to have fallen about 4 percent from 1979 to 1980, an astonishing drop in one year. Last year, oil imports ran 20 percent below the 1979 level. That decline is continuing, incidentally. By last month, imports were almost 30 percent below those of early 1980. To keep that trend going is probably the most important contribution that the United States can make to the future stability of its economy or, for that matter, the world's.

Seven years ago the Ford Foundation's Energy Policy Project set off an angry debate with a study comparing several different tracks that American energy requirements might take. The historical growth rate was the high track. The lowest, labeled the "zero energy growth scenario," sbowed consumption rising slowly to the end of the century, when it would gradually level off to a flat line. In 1974, a great many people believed that there was a fixed ratio between energy input and economic output. Zero energy growth, they argued, would condemn the

country to zero economic growth and, as population increased, to an inevitable decline in living standards.

As it bas actually worked out, energy consumption has consistently stayed well below even the Ford project's lowest estimates and seems to have arrived at zero growth fully 20 years ahead of schedule. It's been accomplished, of course, by methods that are not pleasant - recurrent crises, gasoline lines, two recessions and prices far higher than anyone considers desirable or even safe. There are a couple of useful lessons to be drawn from this experience.

The first is that events won't always wait for Americans to make up their minds. When the political system came to a stalemate on the energy dilemma, events imposed their own barsh solution. The second lesson is more hopeful. Under the burden of rising oil prices, the economy has not grown as fast as most people had boped or expected. But there has been solid growth since 1974 and living standards have improved, not deteriorated. It turns out that Americans, when confronted with necessity, were able to do far more than, seven years ago, they thought even remotely possible.

THE WASHINGTON POST.

In the International Edition

Seventy-Five Years Ago March 11, 1906

WASHINGTON - President Roosevelt has congratulated Maj.-Gen. Wood at Manila on account of the recent encounters with the Moros. Further advices from Manila state that 900 were killed and wounded in the four days' fighting around Mount Dajo. The families of the Moros remained in a village in the center of the crater. Women and children mingled with the warriors during the battle to such an extent that it was impossible to discriminate and all were killed in the fierce onslaught. The Navy Department is very proud of the record made by the crew of the gunboat Pampanga in the Jolo fight. They sustained a large percentage of the casualties, indicating that the bluejackets were in the thick of

Fifty Years Ago March 11, 1931

FAIRFIELD. Calif. - An oriental drama of the most thrilling type has developed here in which a headless body, the murder of 14 Hindus, a communai feud and Gandhi's policy of civil disobedience in India are centered. One of the latest developments was the finding yesterday in the Sacramento River, not far from Rio Vista, of the headless body of a Hindu, which was chained to the wheel of a farm tractor, the wheel being intended to hold the body down to the bed of the river. The body was identified as that of Sant Ram Pando, who is assumed by authorities to be the 14th vicum of a war of revenge among the East Iodians living in northern California. Guards were placed over a Hindu camp not far



Kremlin's Own Domino Theory

domestic social and economic scene. Reports turned out to be de-

Show of Contempt

The communique published March 4, following the very curi-

ous Soviet-Polish "council of war,"

is a clear indication of the heavy

Soviet pressure on Polish leaders to use the toughest measures against Solidarity, the independent union. It is also proof that the birthplace of Socialism has noti-

ing valid to offer to meet the de-

mands of the 10 million men be-

By Leopold Unger

of encouragement

BRUSSELS - Nothing extraorfrom the 26th Congress of the Soviet Communist Party. Yel. it lurned out to be a historic occa-sion in that it was the most extraordinary example of political and ideological stultification in the annals of Lenin's party.

For the first time since the 12th party congress in 1923, a Soviet Communist Party meeting ended with the same leaders of the Soviet state as it had when it started. The bewildering self-designation of every member of the Politburo leads to a total of 966 years of age for its 14 men, with an average age of more than 69 and makes the ruling group of the Soviet Union the oldest that the country has ever known. In 1919, the average age of the rulers was 40, and in 1962, it

lo an attempt to justify what must be a paradox of monumental dimensions, the sycophants of the Kremlin covered their past and fu-ture leader, Leonid I. Brezhnev, with a mantle of praise that seems ill-fitting and of another era.

"On every continent, his name is the symbol of liberty, of happiness, of justice and progress," is only a modest sample of this outburst of eestasy. Yet, how else but through symbolism and the intervention of providence could even the most diligent master of agitprop explain the Soviet Union has to face a oumber of very serious problems that will affect the future of the country, when these problems must be faced by a young ruling team capable of employing the most modern means of managing a state and its economy, that the Soviet Union has abandoned itself -for five years, theoretically — to a panel of ailing, dessicated senior

No Time to Go

However, what must not be for-gotten is that even if Mr. Bre-zhnev, 74, or Arvid Pelche, 82, or Mikhail Suslov, 78, or Dmitri Ustinov. 76. refuse to abandon their posts, it is not simply due to an inordinate, although evident, hunger for power, but also because this is not the right time to go

The time is not right for the transmission of powers, not for the lack of heirs but because the inheritance is still uncertain and the method of relinquishing it is still.

The current rulers of the Kremlin are probably convinced that if any of them were to leave today, the result could well be a domino effect that would destroy the entire ruling structure. The makeup of the Politburo, the body that controls the whole of the nation, is a delicate balance of the various pressure groups in the Soviet Union today.

This delicate balance exists also

at all the subordinate levels of power. Each top leader reigns over his own clientele in each of the separate compartments of the party, the state, the army and the police. If any man at the top were to disappear, his replacement would be very probably reflected in each of the compartments throughout the Soviet power structure. A like-lihood that could easily become a

Eager Heirs

The fear of seeing this delicately balanced structure come crashing down has led to total paralysis at the top. Mr. Brezhnev's personal authority has prevented internecine warfare among the major rul-ing clans, and it has, therefore, guaranteed that the current job-bolders will remain in their posts and stay within the Nomenklatura, that is, the system of privileges that acts as the strongest pillar of the Brezhnev rule.

Nevertheless, behind this selfredesignated gerontocracy, there is an eager team of heirs, but a team without a credible and attractive program to present to the nation and the world.

The congress itself was particularly lacking in optimism over the

tailed accumulations of failure in an end-of-reign atmosphere. No solutions were offered, only words because the Warsaw regime must This at a time when the Soviet then and there be thoroughly model of Socialism is being critirevised. It is in Poland that Comcized in Poland more than ever in munist power has faced its greatest challenge from the nation it ad-ministers and it is in Poland that a history, more even than during the 1956 Hungarian rebellion and more than during the 1968 spring-time in Czechoslovakia. party congress will have the opportunity to choose the path of its fu-

This explains the virulence of

most certainly be postponed.

C1981, International Herild Tribune

hind Lech Walesa. Two other factors point to the failure of the Soviet regime on the international scene. One was the ouster of the Italian Communist Party delegate from the congress, forcing him to address an almost empty second-rate auditorium. This was Moscow's show of contempt for the biggest Communist

Party in the West. The other factor is that Mr. Brezhnev's management of international affairs has brought East-West relations to the greatest point of tension since the Cold War. Even the word detente, the goal of Soviet diplomacy for the last decade, is no longer being used.

Nostalgia for a new Yalta, that is, a new U.S.-Soviet division of the globe, which pierces through Mr. Brezhnev's proposals, has served only to reawaken the West's fear and distrust. Mr. Brezhnev, the last survivor

of the trio that succeeded Nikita Khrushchev in 1964, is more than ever master of the Kremhn, but his 1981 congress will not stand out as a great achievement of his rule.

Yet, there are other assemblies to come in the East. The final session of the Soviet meeting revealed that a season of congresses is about to open in the Communist hloc. The Bulgarian, Czechoslovak

Going It Alone

Your Feb. 14-15 issue contained

a brief Renters dispatch datelined Brussels in which the NATO su-

preme commander, Gen. Rogers, was quoted as saying that he "does

not believe that it would be in the

West's interests for the Polish

Army to resist any Soviet invasion

because the conflict would

this indeed was not only unsolicit-ed and irresponsible "advice" but

If the quotation is exact, then

Irresponsible because it simulta-

neously gives the Russians a lais-

sez-passer to intervene militarily

while contradicting all of the state-

ments repeated by President Reagan and Secretary Haig warn-

ing the Russians that they would

have to pay a heavy price for such

responsive to their own needs and

aspirations by telling them in advance that they have to "go it

Poles were first to fight in 1939.

They refused to surrender. If they are faced again with a hrutal inva-

sion, their course of action will be determined by their love of free

dom and their national pride and

not by the "West's interests" as in-

terpreted by Gen. Rogers.
W. ZACHARIASIEWICZ.

Memo to Gromyko

In his letter to Secretary Haig re-leased on Feb. 11 (IHT, Feb. 13),

Foreign Minister Gromyko claims

that the Soviet government "came

out in clear and unambiguous

terms ... in favor of an immediate

Reprehensible because it dashes the hopes of the Polish people in their struggle to establish a society

spread."

reprehensible

an invasion.

-Letters-

and East German parties are scheduled to hold their meetings toward the end of the month.

But the most eagerly awaited meeting is that of the Polish party,

the Soviet-Polish communique in Moscow and that is why the Polish Communist Party Congress will al-

For Dual Sovereign In Northern Irelan

By Richard de Burnchurch

DARIS — A 16th-century Eng-lish civil servant, writing gloomily about the state of Ire-land, said, "It is a proverb of old date, that the pride of France, the treason of England, and the war of Ireland, is always to continue, without God to set it in men's breasts to find some new remedy that never was found before."

Permit me to offer just such a "new remedy": the creation of a new state of Ulster, with sover-eignty vested in both the United Kingdom and the Republic of Ireland, and ruled jointly by the British and the Irish.

Among other salient points, the sharing of sovereignty would tend to nutlify any claims of a selfout by the extremists of both sides in the

In addition, such a solution would prevent Ulster loyalists from claiming to have been forsaken, and the republican extremists would not be able to say that the Irish government was not ruling in the north of Ireland.

Five Kingdoms

The idea of two separate states in Ireland is not unnatural: In ancent ireland, for instance, there were five kingdoms. It is important to remember that the political and cultural traditions of most of the Ulster Protestants are irreconcilably different from most leish Roman Catholics, Thus, it would seem obvious that a practical solution in these circumstances is jointly ruled Northern Ireland in which neither group feels itself in danger of victimization.

Another important and little-recognized point is that this historical struggle has become a perma-nent feature of the Irish character. The continuing battle gives many in both Ulster and the Republic a raison d'etre — that is, a heroic ful-fillment. Irish history and legend is full of heroic warriors and battles. This has had a profound influence on the Irish mind. Many Irish chil-dren have been raised to believe in a military ideal, in Christianity and chivalry, in some respects, a medieval upbringing. By the same token, materialism was not ap-

This set of ideas, and ideals, is extremely difficult to understand by the casual observer from a modern industrial state, no matter how good his intentions. Today's situation, as represented by the men of violence, is a perversion of

these ideals, but they still strong attraction for those critical mind. These beliefs deep appeal to some because passionate love of country most Irishmen feel. And wi violent men of Ireland are condemned for their crime ondemned for their crime an unfortunate fact that we the urgent state of alfairs beabout by them, the Wests Parliament would prefer to the problem under the carp. forget about it for as long in

ble, as has happened so of Fear and Paisley Until those concerned with ing the problem take into at the true nature of the people are dealing with, no solution be found. It is in the intermental like Ian Pristey to he conflict alive: Without it is

without real significance understands the fears and dices of the people of No ireland only too well and mis-lates them with consumment. To some in Ireland, Paisley, only to defer a solution to the ster problem, for that would gate him to the political grave. Finally, it should be said the mass of the Irish people of dislike the British: All they in

dishke the British: All they w peace and an honorable ment. Some British politician think that they will lose far sharing the sovereignty of & em Ireland with the Irish Rich, thinking this perhaps to defeat and in petence. This is not so.

On the contrary, it would a generosity and magnatumic well as a practical sense, should have been manifested

It is to be hoped that Thatcher-Haughey talks are ing in this direction, despite Paisley and his 500 licensed; bearers, a pathetic ghost of Sir ward Carson and his 200,000. sworn to fight those originally sponsible for the partition of

The author of this article is an lo-Irishman and a Roman Co lic, many of whose family a served in the British Army and ernment. He was brought up in L land and Ireland and is entitle both British and Irish passports, wrote this article for the Inter-tional Herald Tribune.

Oadhafi's 'Four Circle' Concep

Soviet weapons to foreign terror-ists: the IRA (Provisionals), the Basder-Meinhof gang, the Japa-nese Red Army and the Arab ex-

tremist group operations guided by "Carlos," as well as associates in

Turkey and Southern Yemen. In all his four "circles," Col.

Qadhafi has shown himself very

much an activist. Indeed, in 1973

By C.L. Sulzberger

PARIS - Because he regards himself as a successor of asser, whose national and international ambitions he much admired, Col. Moamer Qadhafi, the young Libyan autocrat, claims ex-tensive global interests. He does not call his intrusions in other lands "intervention." Nevertheless, his actions remind one of Talleyrand's phrase: "Nonintervention is the same as intervention."

Col. Qadhafi once said: "I accept Nasser's concept of three connected circles: Pan-Arabism. Pan-Africanism. Pan-Islamism. But we are also a part of the world as such. Therefore, our concern must be with all four circles, not just

This is Col. Qadhafi's special imaginary shorthand explaining the efforts of weak, underpopulated Libya to extend influence as far afield as the southern Philippines or as North Ireland, which "we consider an integral part of Ireland [the Republic]. The Irish nation is different from the English nation."

Operating under this "fourth circle" concept, Col. Qadhafi in 1976 coucluded an enormous arms deal with Moscow. This eventually gave Libya a vast tank force and made it a conduit for delivering

release of the detainees [in Iranl,"

To refresh Mr. Gromyko's mem-

ory, the first Soviet commentary

on the subject was not issued until Dec. 5, 1979, one month after the

seizure of the embassy, when Prav-da wrote of "a gross violation of

international legal norms," in ref-

crence, however, not to the seizure

of the embassy but to U.S. military

and naval maneuvers in the Gulf.

Pravda's editorial did not even

mention the unanimous decision

of the UN Security Council of

Dec. 4, calling on Iran to release

the hostages immediately.
On April 25, 1980, Tass declared

that "the hostages are only a pre-

text for pursuing an aggressive, he-

gemoutstic American policy." It spoke of a "bandit attack that grossly violates all the norms of in-

ternational law," hut in reference

to the rescue attempt, not the seizure of the diplomats. What is

indeed new in Mr. Gromyko's let-

ter is that he is suggesting that the Soviet government is not responsi-ble for what is said in the Soviet

the ordered an Egyptian submarine (Libya was then temporarily "federated" with Egypt) to tor-pedo Britain's liner Queen Eliza-beth 2, loaded with Jewish tourists, after fsrael had shot down a Libyan airliner that strayed over its territory. The submarine commanders did not obey. The French, during Georges Pompidou's presidency, tried to win over Col. Qadhafi by selling

him over a hundred Mirage fighters. This produced no favorable dividends for Paris and actually, when Col. Qadhafi "loaned" four of the planes to Egypt for use against Israel, they were promptly shot down by the Israelis, using four Mirages from their own air

Since that epoch, relations between France and Libya have soured over the issue of Nasser's first and second "circles," Pan-Arabism and Pan-Africanism. France had stood godfather to its former Chad colony, now the Central African Republic, which is ethnically partitioned among Arabized northerners and non-Arabized (Christian or animist) southerners.

African Gap

The same religious-racial gap tends to spread across all middle Africa south of the Sahara from the Sudanese Republic through Chad to Nigeria, whose third largest city, Kano, is a great Moslem center. In none of this area is there true tranquility in this ethnograph-

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All let-ters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may reques that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

ic borderland across which Isla the fastest growing religion in A ca (followed by Roman Cafe) cism and Seventh Day Advent

is continually thrusting. Col. Qadhafi's occupation Chad is part of the process. He't gnaranteed to keep his troops the until what he terms "security" i plies. The two countries have a mally "merged," despite France post-Mirage deal opposition. Parailifted troops into and out. Chad and halted sale of mix boats to Libya. The only Europe power to benefit from Qadhafi's thrust into Central Atca is Russia, which sent Libya's more weapons plus Soviet and a ellite military technicians.

The black nations of Africa: most worried by Col. Qadha drive across the ethnic frontier. pecially Egypt (with its Nubiar the Sudan and Nigeria. The Nig ians, whose oil exports are car cially important to the Unit States (as are Libya's gas exporhave significantly increased th military budget.

Hints of Turmoil

Already there are hints of its ous turmoil in Africa's largest tion after extensive attacks Islamic cults around Kano resul in hundreds of deaths. Nigerian . . . ficials have publicly accused Lil of being "involved" in these dist

How far Col. Qadhafi is rea to push this phase of his first a second "circle" aspirations for panding power is unknown. I armed forces are small but k stered by a newly recruited "Isia ic Legion" of foreigners. He is t... tainly encouraging restiven among the black, livestock rais non-Moslem southern trib afraid of Arabism, and has seen for himself a strategically impo ant position in the contine

What all this portends, hower is difficult to assess. He is quaring also with Arab countries, clading neighboring Algeria, w which he vies for influence in Polisario rebellion against Mor co. Col. Qadhafi is detested Egypt's present regime. And his sion of a confederation of Islan Arab states may simply bog do: or dissolve among inherent Arabilitand African racial, religious a tribal differences of ancient star

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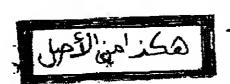
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By Michael Zwerin

DARIS — James Blood Ulmer

himself James Blood. To those

who say that sounds somewhat

ferocious, reminding them of Dra-

cula and death, he replies softly:

"That's firmy. Blood reminds me

Ulmer's band recently opened for Public Image Limited to a packed house at New York's im-

portant rock theater, The Palladi-

um. PIL is led by Johnny Rotten, of Sex Pistols fame. Both he and

Ulmer are often referred to as

"legendary."
Although very different from each other, Rotten and Ulmer are

also different from just about any-body else, and so they have that in

common, PIL plays a unique blend of funk, punk and reggae while

Ulmer combines free improvisa-tion and harsh, jagged dance rhythms in a style that has been called the most important step in jazz since Ornette Coleman.

Ulmer worked and studied with

Coleman. His music is based oo

Coleman's "harmolodic" theory

which involves multi-unisons; sort

of random, polytonal fugues. Any-

thing goes as long as the improviser keeps moving. According to Ulmer, "The only mistake you can make is not getting out of the

Robert Palmer wrote about him in Rolling Stone: "His playing more than justifies his growing reputation as the most original guitarist since Jimi Hendrix." However, the property of the prope

er Ulmer cringes with the mention of that name: "Hey, I'm older than Hendrix [he is 39]. The only thing we have in common is the guitar.

When you play an instrument you

have to pass through a given sound. Hendrix was basically a

blues player. He used fuzz and wah-wah and played with his teeth

and I don't do any of that. I play

way fast enough.

harmolodie music.

stional Herald Tribune

has recently taken to calling

wheezes another laugh, "well, it's just me jumping back into the bri-ar patch. I've been to lots of Bo

Diddley concerts. Some old joker

back there must have planted

something in my bead without my

James Blood Ulmer Trio, Cha-

pelle des Lombards, 19 Rue de

Lappe, Paris 11, through March 21

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ina Again Tightens ictions on Art, terary Expression

Michael Parks Angeles Tones Service

- Restrictions are tened again on the freetistic, literary and mtelrpression here, raising the recent creative resurbe at an end. oversial new film, depict-

ersecution of a Chinese during the Cultural was abruptly with-

la officials pressed the er, a leading poet, to incompromising ending of several bterary jour-

king, Shanghai and pro-itals have been told, the d, to publish "less negaa and the anti-rightist of the late 1950s and to uscripts that uphold So-e party's leadership porally uplifting."

study sessions, genertarily for the last two been made compulsory Peking University and eges for both students rs, according to campus

-cademic Affairs

fficials are again interively in academic affairs universities, the sources essors publishing papers eget party clearance, and graduate students must : J approval before they

: soted music particularly that le of Hong Kong and agers, has been sternly as "vulgar" in the party People's Daily, and e central broadcasting in d it has been banned ir by party edict and remore "patriotic music

ie People's Daily has ized in the new campublishing the moving, plea of Zhao Dan, Chig actor, who called just died for greater artistic

pular Peking Evening st, has been attacked by ials for "catering to vuland imitating the Hong s," sources said.

aders were described as vhen the Peking Evening an interview recently til-known anti-Commucomplained about mal-· by the party during the

-re also angered by the t recent local elections craity campuses where ilidates ran as avowed nunists and repeatedly inot just current policies mtry's Socialist system. ould not nurture cle-

i will only topple us in said Hu Qiaomu, a , I the party's central sece president of the Acadcial Science and probast liberal member of the ship. Speaking at a party
Mr. Hu reportedly "It is stupid to have p and not to exercise

kdown was ordered in a ommittee document islast month, according to long the Chinese intelliho attributed it to Wang the party's propaganda Zhou Yang, his depoty.

"Pure Stalinism," an editor at one literary journal said in disgnst. "All their arguments and criticism boil down to a despotic view of literature and the arts."

Such reaction is not universal among intellectuals, however, and some admit the validity of the ba-

political system but also our cultural and social traditions as a nation, there are some things that just will never be tolerated," one of the party's most liberal theoreti-cians said. "At the same time, people should keep some perspective and realize they have not had the freedom of expression they do now

Intellectuals and creative artists make mistakes, too, and they should not be immune from criticism," he said, "and people should

be patient as we feel our way."

The most controversial move was the withdrawal of the film "The Sun and the Man" written by Bai Hua, a poet and writer in the People's Liberation Army, Origi-nally titled "Unrequited Love," it tells the story of a Chinese intellectual who returns from abroad out of love for the country, but who is persecuted as bourgeois and possi-bly a spy during the Cultural Rev-olntion. "You love the motherland, but she does not love you," his

aughter tells him. He was so harshly treated that he escapes from detention by the Red Guards and hides in the wilderness, living a primitive exis-tence on raw fish and the grain stored by field mice. The film at times seems modeled on the old Maoist play and opera "White-Haired Girl," whose heroine was fled her village to escape the injus-tice of the landlords and old Nationalist Chinese government — but the hero of "The Sun and the Man," of course, is being persecut-ed by the Communist Party.

Party Corruption

Another controversial film so far has survived the criticism. "The Legend of Heavenly Cloud Mounruption of party cadres as they climb the political ladder — contrasted with the integrity of an engineer who refuses to reshape his thinking to conform to each new ideological campaign.

Like "The Sun and the Man," this film has been criticized as "anti-party" and "smearing Socialism." but its ending is deliberately more upbeat, and so far "The Legend of Heavenly Cloud Mountain is still being shown.

a longer look at the current artistic hundred schools of thought con-tend," and with a second resurgence in the early 1960s.

were ended when party leaders felt they were losing control, that writers and artists were going too far, and some now worry that the latest crackdown may end this resur-

move effectively ended his govern-

d Rhyl Is Dead at 74;

- Lord Rhyl, 74. igel Birch joined Peter oft and Enoch Powell in 1958 from Harold 's Conservative adminprotest increased govpending, died Sunday at o Hampshire, his family

BITUARIES

hyl was a Conservative of Parliament for 25 was economic secretary asury when he quit. The

Nisei Unit 942 Saluted

L Exhibition

:ANCISCO --- An exhibthe U.S. Army's Japarican "go for broke" imental Combat Team d in the Presidio. emonies took place this n the building where in

1942, orders were issued up all the Jepanese and Americans on the West i place them in internups for the duration of ĒΠ. d included 18,000 volun-

the camps and Hawaii combat mainly in Italy z. Members of the unit individual citations awarded 9,4000 Purple

ibit includes a large colaction photographs and lis of the unit.

sic party criticism. Given not just Socialism as our

for the last 30 years."

The original ending, now reportedly being revised, was particularly bleak. The radicals are ousted from the Chinese leadership, and the intellectual's wife and friends come up the mountain, searching for him. When he hears his name called, however, be believes the Red Guards are pursuing him and runs until he collapses and dies, his final footsteps forming a question-

Those intellectuals who do take scene compare the present with the creative flourishing in the middle 1950s, when there was a policy of flet a hundred flowers bloom, a

But they recall how both periods

t U.K. Cabinet in 1958

ment career, but he stayed on in the House of Commons until he was made a life peer in 1970. **Telesforo Monzon** BILBAO, Spain (AP) — Teles-foro Monzon, 76, leader of the Basque political party Herri Ba-tasuna (People's Union), died Monday in e clinic in Beyonne,

France, sources in his party said. Mr. Monzon, a lawyer, returned Spain from exile in France in 1977, along with 10 members of the Basque separatist organization ETA. He won a seat in the parliament in the 1979 general elections.

Mana-Zucca

MIAMI BEACH (UPI) -Mana-Zucca, a pianist and com-poser whose artistry dates to the last century, when she performed Beethoven's First Piano Concerto with Walter Damrosch and the New York Philharmonic at the age of 8, died Sunday.

Born Gizelle Zucca-Mana, she was believed to be 97 years old. Her son, Marwin Cassel, said she had long ago destroyed all docu-ments relating to her age.

Mana-Zucca wrote more than 1 000 compositions. From the 1920s to the mid 1950s, her Miami mansion was a meeting spot for artists such as Mischa Elman, Josef Hofmann, Jose Iturbi, Fritz Kreisler and Alma Gluck.

Marjorie Hope Nicolson

NEW YORK (NYT) - Dr. Marjorie Hope Nicolson, 87, dean of Smith College from 1929 to 1941 and a professor of English at Columbia University from 1941 to 1962, died Monday.



Donald Sutherland, Mary Tyler Moore in "Ordinary People."

Films

'Ordinary People' Lacks Any Distinctive Touch

By Thomas Quinn Curtiss

International Harold Tribune

DARIS — "Ordinary People, which is being heavily pushed for the 1981 Oscar as the best U.S. film of the year, marks the tempo-rary switch from actor to director on the part of Robert Redford, a move that has shaken Hollywood like an earthquake,

Redford shows professional competence in his new capacity, but little more. He has guided the script and the players without mishap, but the mise-en-scene might be that of any of a dozen of his directorial colleagues. It is effi-cient, properly paced and recounts its narrative with clarity and effect. but it bears no distinctive personal

The scenario, derived from a novel by Judith Guest, tells of the rehabilitation of an adolescent boy in the grasp of despondency after the accidental death of his older brother. Set in an average, middleclass U.S. home, it would expose the troubled terrain often concealed behind the facades of ordinary people."

The parents, unable to cope with their child's moody detachment (he has made a suicide attempt), place him in the care of a burly psychoanalyst who discovers mn clever these psychiatrists that he is obsessed by a sense of guilt, holding himself responsible for his brother's death. His father, from whom he seems to have inherited his incipient melancholia, grows to understand him. Both are given to crying jags, sometimes solo and sometimes ensemble. The mother, despite a surface show of affection, finds the boy is being unnecessarily coddled and spoiled. There is something to be said for her viewpoint, but it is coldshouldered. She is drawn as a menace and father and son unite to rid themselves of her. This antimother motif is the one unique trait of the movie, which appears in-

tent on celebrating Father's Day. What we have in this Oscar-contender (at the Gaumont Champs-Elysees, the Hautefenille and the Gaumont Les Halles in English) is a soap opera of television cut removed to the larger screen and masquerading as a deeper-than-deep psychological study. It is acted honestly and earnestly by Donald Sutherland as the weeping papa, Mary Tyler Moore as the glib, practical mama of hard heart, Timothy Hutton as the hypersens tive lad, and Judd Hirsch as the

alienist who might be mistaken for a track driver. In support are two pleasing young actresses: Elizabeth McGovern as the school companion whose glowing health and cheer-fulness lift the boy from his gloom, and Dinah Manoff as a neurotic girlfriend, who, like the boy, is death-possessed. There is little fertility in the delineation of the others; the school bully, the sympathetic classmate, the relatives given to golf. These last are not ordinary people, but ordinary stock types.

Bette Midler, the star of "The Rose," requires no introduction and if she does it is amply supplied in "Divine Madness," a screen transcription of three concerts she gave at the Pasadena Civic Anditorium. Nothing quite like her has been seen or heard since Eva Tanguay let loose to make loud the

nights in vandeville theaters.

The spectacle (at the Gaumor Ambassade, the Hautefeuille and the Français in English) is amus-ingly prefaced by a Pasadena elder muttering an address on the necessity of good taste just before a ti-dal wave of bad taste engulfs the premises. The Midler carryings-on know no restraint. She belts out all her songs with overwhelming volume and in between chatters of her European tour and her opinions of the English, French and Germans. and, employing free speech be-yond the usual limits, cracks jokes that would cause Rabelais to call for the smelling salts.

Certain references will puzzle the uninitiated. She makes frequent mention of Sophie, apparently an outspoken vulgarian. Can this be the late, beloved Sophie Tucker, the last of the red hot mamas until La Midler came

Stolen Bronzes Recovered The Associated Press

ROME - Italian police an nounced Tuesday the recovery of priceless archaeological objects stolen from Paestum and Pompeii in 1978 and smuggled to West Germany. They said an Italian, Gruseppe Valentino, 45, was arrested in Cologne and extradited to Italy. The stolen objects included e small bronze head, a bronze duck and a small bronze Euruscan statue dating to the 5th century B.C., as well as numerous fragments from statues.

along? But Sophie Tucker, according to legend, always kept it "clean" — or didn't she? A footnote on this would be welcome. Midler is the quintessence of ir-

midler is the quintessence of in-repressibility, exhibitanting as a per-sonality and as a performer of in-exhaustible energy. There is a want of refinement to her talk — her audiences relish that - but no flaw in the tempo or expansive nature of her one-woman show. She is allconquering.

"The Stuntman" restores Peter O'Toole to the screen with his impersonation of an eccentric, sinister movie director. When an escaped criminal in need of disguise happens on his location set, he engages the fugitive as a jumping-jack for an epic about World War I aviators. The fugitive, forced to risk his neck again and again, be-gins to wish he was back safely behind the bars.

Richard Rush, in directing con-veys the sardonic situation tonguein-cheek with the accent on the action sequences and their excitement and humor. The stuntman's greatest feat is to stay alive despite the incredible demands of the megalomaniacal moviemaker. (At the Marignan-Concorde, the Imperial Pathe and the Saint-German Huchette in English.)

A 'Lost' Corot Is Found

NEW YORK — A portrait of a young woman by the French artist Camille Corot, which was presumed lost, has been discovered in the home of an American collector who had no idea of its value, Sotheby Parke Bernet said today. It will be auctioned May 28.

Crime Novels Dick Francis: On Track of Thrillers

By Simon Lloyd International Herald Tribune

L jockey, Dick Francis broke almost every bone in his body riding and he enjoyed every minute of his perilous career. Now he hunches over e typewriter - e job he finds much tougher -- concocting tightly written racing thrillers that have brought him an international readership and a following in such unlikely languages as

Romanian and Turkish. He is the Frederick Forsyth of the turf, meticulously researching every plot as he positions bodies or sets up an air transport business to get details just right for a tale of rogues in the horse-ferrying trade.

Thriller number 20 is now on the production line but Francis, whose books have an anthentic ring about them for turf enthusiasts, confesses: "It never gets any easier. Is it going to be better than my last -- that's my main aim."

Critical acclaim came from across the Atlantic with the Edgar Allan Poe award for "Forfeit," while last year "Whip Hand" won him a gold dagger from the British Crime Writers' Association. One of his novels was made into a film while others were adapted for a television series.

Racing dealt him a cruel blow that indirectly brought him into the writing business. In 1956, the Liverpool grandstands rose in a deafening crescendo of cheering as

Oueen Elizabeth the Mother's Devon Loch headed for the winning post in the Grand Na-ONDON - As a steeplechase tional after conquering 30 fences. That blast of sound 9 tle the horse which bellyflopped, jettisoning Francis. -

Changing Careers

Now he reckons that "Devon Loch was not a blessing in dis-guise, but it did put me on the road to another way of life." He wrote his autobiography, took up a career as a racing corre-

spondent for a Sunday newspaper and then, at his wife's suggestion, turned his hand to novel writing. Mary is the great research gatherer. She went in for photography for my latest book, 'Reflect,'

and her air business produced the

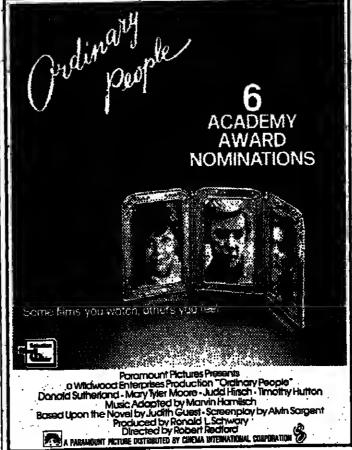
background for 'Flying Finish.' I

love the research; as it gets us traveling round the world." The novels are not renowned for characterization. The plot is the thing, with the action racing along in staccato sentences that waste little on description. The dollops of sex and violence have tended to increase lately because "up to 1967 my boys were at school and I would have hated them or their friends to read books at school

which were both violent and sexy." Many of his characters have a cross to bear - an invalid wife or an alcoholic brother. "I find that sort of detail helps the story along." Autobiographical details are obvious at times. Dick Francis wears a strap to prevent his shoul-

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there. They don't ever get more knowledge than the manufacturer.

The harmolodic theory forces you

to transpose the instrument ac-

Ulmer has just signed a contract

move but I ain't seen nobody jump

when you play music that messes with their heads."

He sings a couple of numbers
"Are You Glad to Be in America"

and "Jazz Is the Teacher, Funk Is

"When you see me step up to the mike and start singing," he

consumption credits, leasing, looks for a

cording to your creative needs."

Music

James Blood Ulmer: A Jagged Step Forward in Jazz

Davis. Although he regularly packs New York New Wave rock clubs like CBGB and Hurrah, and his rock textures and funk lines are undeniable, he seems puzzled when asked if you could call his music fusion. "I don't really know what fusion is. Fusion is like some rock music that was jazzed up. Or maybe it's rocky jazz Here comes that laugh again. "My music seems to make people

up into any known dance yet. Anyway, I don't see anything wrong with people dancing to jazz. Jazz began as dance music. I remember But the comparison is unavoidable. There is the same intensity, at least, and the attempt to crash through barriers. Both in any case my father dancing to Charlie Par-ker records. I like music that makes people react physically. Sometimes the reaction can be too came out of black rhythm and strong. When I was with Omette Ulmer was born in St. Mathews, we had rocks thrown at us in Italy. No telling what people will do

Ulmer: Anything goes:

S.C., where he grew to like red-necks. He explodes a contagious laugh. "They have to settle their own score with the Lord, but at least they're truthful. They let you know what they like and don't like. Rednecks are alright."

His father gave him his first gui-tar when he was 4. He remembers seeing his father carrying his own guitar to rehearsals, but that stopped and now he's preaching in a Baptist church. He was brought up with church music, and redneck (hillbilly) music.

By the age of 17 he was in Pittsburgh playing with rock groups, occasionally on the Dick Clark show. He recorded with organ trios for King Records in the '60s, worked for a while with Joe Henderson's bebop-oriented band (with Stanley Clarke on acoustic bass) and in 1971 joined the evantgarde quintet of the former Coltrane drummer Rashied Ali. Then he met Coleman and began his battle to overcome the guitar.

He doubles over with that laugh again, "Music makes me laugh, I don't listen to other music, Most people who play instruments refuse to deal with the music that is not on their instrument. The instrument was created with a certain amount of music already

der dislocating and the reader al-

most winces with pain when the

heroine in "Knock Down" rights

the hero's dislocated shoulder in

One of his most ardent fans is the Queen Mother, who is always

sent a complimentary copy of each

thriller. She has confessed that she

thought some of the latest ones were a bit bloodthirsty.

The newspaper business gave him a sharp awareness of dead-lines. His grateful publisher gets 8

new thriller on his desk every

story, I'm fed up with it. But when

I'm two-thirds of the way through

I feel there's so much to get in

When I hand the book in, I feel

that's going to be the last, but three or four months later you

want to start again. One has got to

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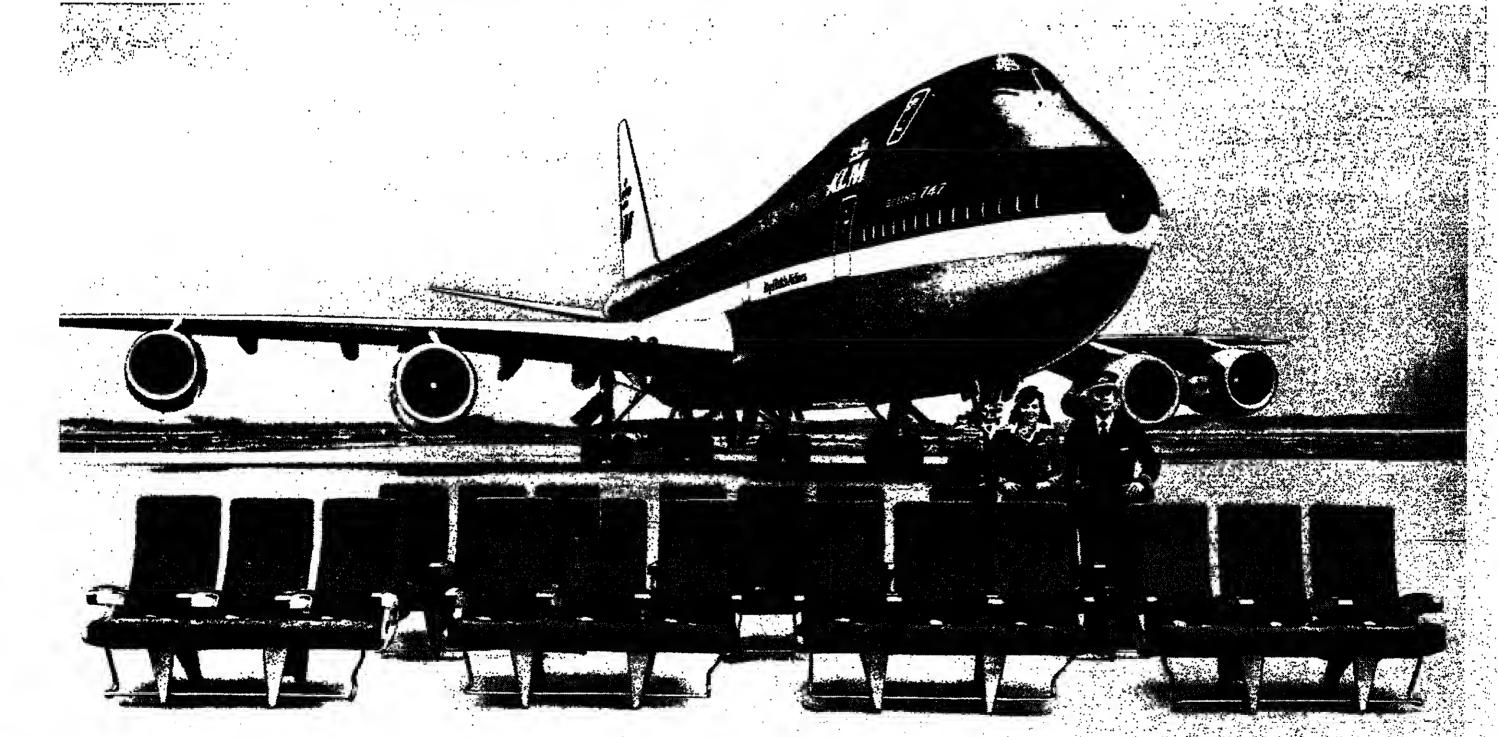


NYSE Nationwide Trading Closing Prices Mar. 10 Tables include the nationwide prices up to the closing on Wall Street.

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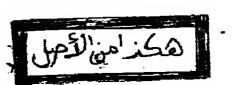
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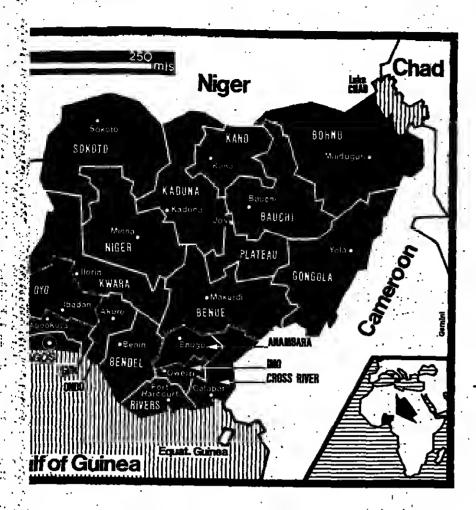
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INTERNATIONAL Herald Tribune

PARIS, MARCH, 1981

A SPECIAL SUPPLEMENT

Banking and Finance in NIGERIA

l Budget Retains Priority or Agriculture, Industries

By A.M. Lukic

- Nigeria's 198t budget is of parfull-year budget of the civilian adminand covers the first year of a new development plan.

11, President Shehu Shagari's governvisages capital expenditure of 8.982 raira, and recurrent expenditure of oillion. In addition, the 19 state gov-are budgeting for total expenditure N11 billion. For the whole of 1981-85 iod, investment expenditure is put at 2 billion, of which N70.5 billion will om the federal government and its and N11.5 billion from the private ilthough the Manufacturers Associaady appears to feel this to be a gross imate of its investment capability). he plan the 19 states and the federal ent are expected to generate a surplus billion, on recurrent account over the years, a seemingly impossible task for

ies in the 1981 budget, as in the lan, are agriculture and industries, and ms are being loosened to encourage

Prospects for economic growth in 1981 od. Although the nine-month 1980 invisaged a deficit of some N1.2 bilications are that the final figures will a deficit to be greatly reduced, partly of the delayed takeoff of the budget. ay was caused by the time it took to igh the National Assembly; the budgnly for the nine months April-Decem-, to bring the budget year in line with dar year from 1981).

a's external reserves stood at N5.5 bil-October of 1980, compared with N3 1 October of 1979, but the import bill mning at some N1 billion per month, d to N600 million in October of 1979. f the implications, the government has clear that reserves will not be allowed pelow N5 billion — equivalent to some oths' of imports. There will be little in the import policy, which prohibits of certain "nonessential" items, but rnment will encourage imports of capintermediate goods essential to expand

ve capacity.
a also showed a budget surplus on account of N1.53 billion, compared leficit of N1.4 billion at the end of er, 1979, the end of military rule. But ident is fully aware of the need for in committing Nigeria to further ex-e. He plans "functional" projects as to the gigantic prestige projects that ad up so much of the booming oil revethe 1970s (although the civilians are ed to completing several such projects, new federal capital and iron and steel

mains Nigeria's main money-earner senses her salvation. Estimated feder-arted revenue for 1981 is N14.745 bil-which oil should account for some fon, a drop of about 12 percent on budget, when oil's contribution to touse was about 79 percent. Remaining will come from Customs and Excise billion), company taxes and from missources, principally interest on and it of loans. It should be noted that nonoil earnings are falling, the conof the nonoil sector to taxation is ris-

for the last nine months of 1980, d in that budget at N11.86 billion, in at a much higher rate because early on was lifted than expected. But the gov-is now holding back production. Of 4.745 billion estimated revenue, billion will go to the federation acdisbursement between the federal and the states, according to a cer-The 1981 budget estimates were on the basis of the government's revpectations calculated on the revenue formula proposed in a bill then before onal Assembly. The bill has now been and signed into law.

ia's longer position is healthy, but the aent will still have to borrow abroad to ance its programs. ederal government's proposed N8.982 capital program for 1981 is to be fi-

by a budget surplus of N5.1 billion, loans of N1.1 billion and external or specific projects, including iron and ints, pulp and paper projects, irrigation in roads. This leaves a deficit in the program of some N1.2 billion, which be taken care of by increased oil reveome N82 million will also be borrowed : to finance state rural development

of the clauses in the 1981 budget, curseing debated by the National Assemre to have been included in the 1980 but were held over until this year. overnment plans to continue its import ation policy and is reducing duty on d raw materials for the manufacture of

establishment of industries in the hinterlands. For example, duty payable on imported parts rises from 20 percent to 25 percent in the Lagos area and drops from 15 percent to 8 per-cent for the Enugu area. It remains at 5 per-

Exporters will get a refund of duty paid on raw material imports. Reduction of excise duty will be graduated on the basis of local value added. There will be changes to rates of duty on a wide range of products - especially on vehicle brake pads and limings, to discourage the importation of defective parts. Imports of concentrated malt extract, plastic pipes and built-up trucks will be subject to specific import licenses. Rice and flour, while remaining on license, will be imported only through rec-

ognized government agencies.

There are no changes in the items automatically exempt from the pre-shipment inspection (the introduction of this plan in early 1979 severely depressed imports). Now that the cenbank has decentralized the processing of the "Form M" necessary to importers and shippers, which was promised in the 1980 budget, it is expected that the central bank will stop exempting orders worth less than N20,000. There are no changes in existing regulations on the remittance of foreign excha in respect to payments for imports.

The government proposes no substantial changes to credit guidelines and lending rates; but banks whose monthly loans and advances to agriculture and housebuilding fall short of the minimum prescribed rate will have to deposit the shortfall with the central bank with no interest for on-lending to these sectors. Banks will again be allowed to increase lending by 30 percent on the previous year's total, with 70 percent going to indigenous compa-

Money supply will be increased by only N1.64 billion for 1981 in an attempt to reduce the inflation rate, calculated by the govern-ment at 10 percent but generally agreed to be much higher (27 percent has been suggested in

some quarters).

Nigeria's pricing policy remains tight. Manufacturers who were allowed to increase their prices by over 5 percent in 1980 are restricted to a rise of under 5 percent this year, and then only with specific government approval. Im-porters of heavy industrial machinery will be allowed a markup of up to 25 percent on CIF price, but can add other approved costs as in 1980. Importers and dealers in motor spare parts will be allowed a maximum increase of 1 (Continued on Page 8S)



By G. O. Nwankwo

LAGOS — No observer of the Nigerian scene can remain unimpressed by the changes in Nigerian banking and finance since the end of the 1970 civil war. At that time, the Central Bank — citadel of the financial system — had only six branches. Today it has eleven branches and five currency centers and plans to open two more centers in the next two months, the objective a branch in each of the 19 states of the Federation.

In 1970 Nigeria had only 14 commercial banks, with 273 offices. Today the numbers are 20 commercial banks with more than 800 offices. Only one foreign bank had a represent-

The spectacular growth of the Central Bank of Nigeria has belied the assumption that such an institution would be an 'expensive luxury'.

ative office in Nigeria in 1970; today seven do. And merchant banks have multiplied from one

in 1970 to six today. Developments in the capital market are equally spectacular. In 1970, about 25 insurance companies operated in the country; today there are 67, including the federal government-owned Nigerian Reinsurance Corporation established in Lagos in 1977 by 42 African coun-

Only one development bank existed in 1970; today there are four in the country. Other developments include the transforms tion of the Lagos Stock Exchange, established branches in Lagos, Port Harcourt and Kadu-na, and the establishment in 1977 of the Niger-ian Securities and Exchange Commission, an offshoot of the former Capital Issues Commission, set up in 1973.

Growth in Assets

Side by side with numerical growth is the growth in the system's assets and liabilities. The Central Bank of Nigeria, for example, had a total assets-liabilities of 6.6 billion Naira at the end of 1979; the 1970 figure had been N452.3 million. In 1980, total assets-liabilities of the commercial banks amounted to N15.2 billion against N1.2 billion in 1970. For merchant banks, the 1970 liabilities-assets of well below N1 million had grown to N945.1 million in November 1980.

In 1970, the total premium of the insurance companies was only N16 million; at the end of the decade this had increased to about N300 million. On the stock exchange, the number of transactions increased from 634 in 1970 to 7,138 at the end of 1980, with value increasing from 16.6 million in 1970 to 389 million in

While this internal growth was taking place. structural changes also were occurring. If in 1970 there were expatriate and indigenous banks, the profile now is one of indigenous and mixed banks, i.e.: banks with indigenous and foreign ownership. Similarly, while the federal government confined itself to development and central banking until 1970, today it owns majority shares in all but about two mixed banks and the Nigerian National Reinsurance Corp. In the process, some banks have changed their names. The former Standard Bank of Nigeria, Ltd., and Barclays Bank of Nigeria, Ltd., are now First Bank of Nigeria, Ltd., and Union Bank of Nigeria, Ltd., respec-

The Central Bank has been in the forefront of this growth and development. Established in 1959 and equipped with the arsenal of con-trol techniques available to central banks the world over, the CBN belied the assumption that a central bank in a developing economy such as Nigeria's would be an "expensive luxu-

Instead of emphasizing the traditional func-

A Decade of Growth for National Banking tions (which would have been ineffective in an undeveloped financial environment), the CBN emphased its development functions. These in-

chode an effective machinery for monetary management and for the development and reg-ulation of the financial system; localization of

the credit base to take account of the monetary

and economic conditions of Nigeria rather (Continued on Page 98)

Growing Economic Giant Sets Sights on the Future

By Karan Thapar

AGOS - Nigeria is the economic giant of black Africa. And with the inauguration of civilian rule 18 months ago, this colossus has begun establishing itself as the foremost industrial power on the continent.

In this regard, the statistics speak for there-selves. The country, the world's lifth largest oil producer, has an annual income in excess of \$20 billion, a growth rate of gross domestic product of more than 8 percent, a domestic market of more than 80 million people and an mambiguous and uninhibited capitalist phi-

The result is that its new five-year plan envisages a scale of development growth that is not only phenomenal in African terms, but also particularly inviting to those foreign investors willing to risk the infrastructural, so-cial and environmental hazards of living in La-

Nigeria's new democratic masters are deter-mined that real development should now take place. In the past, under the generals, Nigeria gifted itself with a spectacular array of modern sirports, national theaters and stadiums, and independence squares, as well as a network of superhighways with "flyovers" or "cloverleaf" exchange points reminiscent of the best in Los

Waste Is Seen

No doubt in many cases these have been vital in improving the country's communica-tions and general services, but their sheer scale was wasteful.

What was needed, but ignored, was the development of agriculture, steady industrial in-vestment, the provision of transport, improved educational facilities for the poor, ample hous-ing and better and more reliable power generation. The prestige projects of the military generals had given Lagos a hint of European cosmopolitanism, but now the practical and nec-

essary moves needed to be taken.

The Fourth National Development Plan. launched by President Shehu Shagari in January, attempts just this. In his own words, it s at "simple, functional designs, especially with respect to standard amenities such as schools, hospitals and residential buildings." Its target is "self-sustained growth and self-

This five-year development plan is the eco-nomic blueprint of the civilian government. On its success depends the long-term survival and the final establishment of Nigerian de-

Skewed Crowth Patterns

It seeks, once and for all, to correct the previous imbalances of tribal-skewed growth pat-terns, to redistribute and invigorate, and to create a basis for sustained progress long after

the oil taps run dry in 20 years. It will eventually be on this plan that history will judge President Shagari and, more importantly for his National Party, the electorate will assess his performance if he stands again

This is why urgency and impressive figures surround the goals of the plan. About \$140 billion is to be channeled as new investment by 1985. Of this, \$17.6 billion is the share of a

NIGERIA

Area 357,000 sq. miles Population80 million Currency.... 1 Naira = US\$1.73 GDP (1978)\$45.5 billion Inflation rate (1979) 14%

Foreign currency

new "green revolution" seeking to increase domestic food production and the output of cash crops, which in the years ahead must begin to e the 2 million barrels a c oil that forms 93 percent of all foreign exchange earnings.

reserves \$7.7 billion

The aim is self-sufficiency in food and the renewal of such traditional exports as cocoa, groundnuts and palm oil, which declined dranatically during the runaway oil boom of the

Industrial Plans

The same target of speedy self-reliance lies at the heart of the industrial plans. Nigeria is seeking to curtail its present import level by manufacturing at home what is so far bought from abroad. It is therefore seeking iron and steel projects, liquefied natural gas plants, pulp and paper mills, and sugar, coment, nitrogenous fertilizer and petrochemical factories.

The attempt to develop the downstream oilallied industries, which are a natural industrial focal point for a major OPEC state, is an at-tempt to redeem an area hitherto foolishly ig-

Of themselves, these targets imply that Africa's economic giant is heading toward another boom. The difference this time is that a cautious and conservative president will be hold-ing the leash. And President Shagari has not forgotten the oil market fluctuations, that crippled the last five-year development plan, nor, as a former automobile company chairman, does be need to be told of the inability of the Nigerian economy to absorb massive sums of

This is no doubt why the plan, which is almost entirely financed by sales of Nigeria's uil output of 2.16 million barrels a day, nearly 50 percent of which goes to the United States, is predicated upon sound and stable oil expectations. For example, the plan only requires an increase in oil income between 1980 and 1985 of well under 50 percent in terms of current prices, a forecast that is in fact unduly pes-

(Confinued on Page 14S)

World Bank Loans May Top \$400 Million

Bank and International Development Asso-

ciation loans to Nigeria amounted to \$1.409

billion. Of these loans and credits, \$680.2

million had been disbursed, with transport,

power and water supply accounting for

about 50 percent of total commitments. Gross disbursements in fiscal years 1979 and

The expanded program now operated by the World Bank has been largely prompted

1980 were \$60 million and \$64 million.

By Alex Rondos

AGOS - With about 1.2 billion Naira to be borrowed offshore to finance projects in the current budget, the role of one particular institution is often overlooked. Nigeria is the World Bank's largest borrower from Africa, and it is a link that is expanding in spite of Nigeria's apparent riches

For the fiscal year 1980, which ends in June, the World Bank and its affiliates extended credits and loans to Nigeria worth \$286.3 million. This year the figure is likely to be well above \$400 million.

The World Bank is choosy about its customers. Yet it would seem that, if anything, the bank's Washington headquarters, while speaking highly of Nigeria, needs to be persuaded that such a big commitment is justi-

One of Six

In the eyes of the World bank, Nigeria is one of the six countries in the Western African region in which aggregate growth has been satisfactory. The annual report notes that Nigeria is one of the few countries in the region to be in a net surplus position, whereas most others suffered a severe deterioration in their external positions. Nigeria's reserves, in contrast to the region as a whole, have improved over the last two years. By the end of June, 1980, total World

by Nigeria. In keeping with the development plan's objectives to diversify the country's productive base in the commodity-producing areas, the bank has now developed rural programs that also aim to meet its objective of raising the productivity of the lowest income groups in the country. Emphasis has therefore been placed on the

agricultural sector. Since 1971, the World Bank has approved loans for 19 agricultural projects, of which three are generally acknowledged to have emerged with impressive

These are the northern projects in Funtua, Gombe and Gusau. Their success, in the view of the federal government, has proven the value of planned agricultural develop-ment, or what is otherwise referred to as integrated rural planning. These three projects have managed to develop under a reformed administrative structure that leaves over-all state control intact, while permitting autonomy in the day-to-day management.

The success of the projects has resulted in both the federal and state governments' wanting to reproduce the project throughout the federation and also to expand it on a statewide basis. The latter suggestion, while attractive, and undoubtedly flattering to the World Bank, would pose major problems of administration, particularly given the already-striking shortage of trained manpow-

Manpower Needed

Given the laws in Nigeria about the hiring of expatriate workers, there is some pressure, which has been corroborated privately by Nigerian planners, to channel requests for much-needed manpower through the World

Other projects include farm support services and feeder and farm roads in Ondo state, which should help 70,000 farm faming lies. In Oyo state, \$69.4 million has been invested in farm support services and physical infrastructure to improve the incomes of about 55,000 smallholder farm families.

Lagos has already benefited from a substantial loan to expand the electricity supply to meet the city's rising demand, while the federal highway authorities will receive assistance for the improvement of federal

Urban development in Bauchi is another target for World Bank investment.



Merchant Bankers Adjust to Constraints, See Attractive Long-Term Market

L AGOS — The expansion of merchant banking in Nigeria was a phenomenon of the 1970s. Banks were given a broad license, which included doing capital market work in an economy that was expanding with oil prices. The last development plan reflected the financial aspirations of the Nigerians, and for a merchant banker there was the additional incentive of expansion of a still-limited capital market following the decree issued to keep a certain percentage of the economy indigenous.

The actual performance of the five merchant banks has reflected the constraints — and opportunities — of operating within a financial system that has a restricted capital market but also lacks a legal structured role of a merchant bank. As result, it was only until the last year or two that one has seen a clearer role emerge for a type of banking that had become practically indistinguishable from commercial banks in Nigeria.

With assets and liabilities total-

With assets and liabilities totaling 614.4 million naira at the end of 1979, the last official date for published statistics, they pale somewhat behind the N11.238 billion assets and liabilities of the commercial banks.

Comparison Significant

The comparison is significant because it places in perspective the issue that commercial bankers have been inclined to complain against; namely, the apparently successful poaching by merchant banks into commercial bank shortterm lending territory. The authorities have reacted through their an-

ities have reacted through their annual guidelines.

The story of merchant banks' recent experience in Nigeria is an in-

It was not until 1976 that merchant banks were dealt with separately in the central bank's annual credit guidelines. It was then that it became apparent that the overlapping of roles between commercial and merchant banks had become too great, especially where facilities for international trading were concerned. Merchant banks were expected to be medium-term lenders, but they were encroaching on commercial banks' short-term lending. Income statements showed that fee-related business had proven highly profitable. There have been large percentage increases in the overall contribution of letter-of-credit fees.

2-Percent Figure

One banker has calculated that a merchant bank letter of credit opened in Nigeria can earn 2 percent, in contrast with the one-twentieth of 1 percent that a New York customer might pay.

While the high return on assets might be a tempting explanation for the course that merchant banking appears to have taken, it would be unfair to conclude that this has

Merchant Banks' Sources and Applications of Funds

(N I	nillion)			
	1	978	1	979
	Sources	Application	Sources	Application
Aspels				
Cash and cash riems	_	24.3		13.7
Balances held with other bunks		5.9		9.2
Loans and advances	_	84.7	·	32.0
levestments	32.5	_		34.2
Equipment on lease		0.9		2.2
Other assets	_	21.8	_	99.1
Jahilities		21.0		
Capital and reserves	3.2	_	4.9	_
Balances held for other banks	3.1	_		5.5
Muncy at call	23.7	_	_	8.0
		_		D.U
Deposit	37.1		48.0	_
Certificates of deposit	_	2.7	21.7	_
Other lubilities	40.7	_	129.3	
TOTAL	140.3	140.3	203.9	203.9

been a conscious policy of their in a matter of days, the service is

Merchant banks are smaller and more efficient than commercial banks. In Nigeria, letters of credit are highly sophisticated. Because of the exchange controls and the import inspection plan, in addition to limited qualified manpower, such transactions have been known to take weeks. When a merchant bank can offer such a service

in a matter of days, the service is welcomed. Given the changes in exchange rates, time larses of a few weeks can prove costly.

In spite of such conditions in the market pulling merchant banks toward short-term lending, the authorities have, through the credit guidelines, imposed clearent requirements aimed at steering the merchant banks toward their prescribed role. The latest guidelines

stipulate that a minimum of 40 percent of their loans and advances are to be medium- and long-term, with manurity of not less than three years. Not more than 20 percent will go to short-term loans, that is, those of less than 12 months, and a maximum of 15 percent of total assets is to be in

The constraints which the merhant banker in Nigeria faces can

equipment leasing.

best be considered severe but temporary. The early history in the 1960's was marked by a severe setback when the central bank took over the financing of the produce bills of the marketing boards in 1968. The regulations of the Nigerian Stock Exchange tend to be restrictive of the listing of stocks and have further reduced the variables within the Nigerian capital market. The combination of an undeveloped money market and the managed interest rates, in the view of one banker, limits the freedom

would like to operate.

On balance, however, Nigeria offers interesting prospects. And the merchant banks feel they have advantages. There is room to be compenitive, they offer efficiency by providing a different type of capital and are able to draw on corporate limines.

with which some merchant banks

Furthermore, all merchant bankers are unanimous that in the last six years the Nigerian economy has shown itself to be a particularly attractive market for those looking to the long term. There are three major developments in the last period to which they point.

in the early 1970s, banks managed to make do through the existence of the Nigerian Acceptances Ltd. and the issue of treasury certificates by the Nigerian authorities during the civil war. But it was the Nigerian Enterprises Promotion Decree in 1972 which initially sought to indigenize 40 percent of the expatriate-owned bushamer that released a new wave of demand for securities.

OH Boom

The boom in oil production in the mid-1970's swelled Nigeria's foreign exchange reserves and coupled with this the anthonines brought out the Third Development Plan of 1975-30, which called for investment of N30 billion, a substantial increase on its prede-

With the Fourth Development Plan projecting expenditure in excess of N80 billion and the inevitable confidence that will attend the need to finance such a plan, it is difficult for anyone in the merchant banking community to feel pessimistic about the future.

It is to more than the extension of the variety of services offered that merchant banks will be looking. The first major ensecured debt issue of NIS million will soon be presented. Though this may be an isolated case, it is seen as just the thin start of a welcome edge. With the increasing demands by the government on participation in agriculture, merchant banks will be extending their advisory and management services and in corporate financing that merchant bankers feel that they will have to plunge in

Priorities: Agriculture, Industries

(Continued from Page 7S)
percent on CIF prices, but again
local costs can be added.

There are several changes proposed to the incomes policy. In 1981, companies will be allowed to declare as dividends only up to 60 percent of after-tax profit instead of having the option of declaring 25 percent of paid-up share capital if higher than 60 percent of after-tax profits. This had enabled some companies with low profits to pay higher dividends last year. The government plans to forbid the creation of boms shares on the basis of a revaluation of assets.

No changes are proposed in the existing regulations concerning management fees, technical service fees, royalties asnd directors' fees. Company tax remains at 45 percent. The government proposes a two-tier withholding tax at 12.5 percent for residents and 15 percent for nonesidents, which it justifies by the wide-ranging tax rates in overseas countries. Despite the fact that this is better for investors than an original proposal for a 25 percent withholding tax rate, it might still be seen as a deterrent to investment, despite government claims to the contrary.

Because of constant complaints about delays in issuing taxclearance certificates, the govern-

The budget sets up opportunities for overseas investors.

ment plans to introduce a number of measures to speed up the procedure. There are some changes to the tax rates.

The president included in his draft budget a mention of plans to provide opportunities for overseas investors. These are linked to the recently established Industrial Development Coordination Committee, which promises to give a decision on all aspects of establishing a company in Nigeria within four weeks of application.

As stated in the Ministry of Industries' guidelines to investors, priority is being given to investment in agriculture and manufacturing. The incentive package for industrial entrepreneurs has been substantially modified. Education and housing are two other fields offering opportunities. The construction industry, in particular, should benefit here and at the federal capital territory of Abuja, where some of the main contracts are to be awarded this year.

In addition to the N259-million capital expenditure allocated to Abuja in the budget, an additional N350 million, representing Abuja's share of federal account, will be made available. The government plans to modify the 1973 Companies (Special Provisions) Decree to widen the scope for overseas companies, with Abuja's development in mind.

The Naira
Value Key
To Trade

the space strated as full laster, vertically of a subject for fiction rathers for fiction rathers will the contract could the could be the whole through

The funder, feeling on oil in distinguished that the union for the street of a number of the street of its tall include deals would being it quickly build nection to the street of the street

Many bankers would be tracted of fact about it. It would suggest that the paternairs is high enough at make it is stays at this level have a senous effect of a from the noon sector—it of the economy that the passet wants at all costs to passeveral experts agree that a lemma may well have to be at the Fourth Development progresses along the path port-base diversification.

The possibility of further, change rate policy changes it ways at the back of people's min Nagaria. It is currently obeing by the fact that petroleam caps revenue has increased dramatics in the last 18 months and prior creases are expected to keep prospects up for the current fi

Logs of Reserves

Two years ago, inflation feached 25 percent and more, the loss of exchange reserves a become a matter of serious or care, compounding the assumation that a strong maria is to be sociated with a boom in oil in more, it was thought then the change in exchange rate pel might he in order.

Nigeria's one previous caper ence in currency devaluation wit in 1973. The results were questly overwhelmed by the unsurge in a revenues and the back of framed discipline to dominate the coner cy depreciation. Domestic credited, but with the government being a credited of the banking system the measures necessary for holding down demand were not taken.

down demand were not taken.

In 1975, wage claims grew ha matically and in that year gover ment expenditure increased by Il percent. So one lesson leaned; that atsintory currency deprocation "cannot become an isolate policy measure," in the words one economist.

Whether devaluation would have a great effect on the balance of payments position has also be questioned. Trade terms might worsen in the short run. Prices of primary commodities such as particleum could be affected by it would markets. A rapidly fleveloting economy like Nigeria's still requires a high level of capital in ports which raise import price and have inflationary consequent.

Reasons for Devaluation .

There are nevertheless some

reasons for believing that there is case for devaluation. Exchang rate policies play an important to in any country which aims achieve the highest level of comment diversification. This any ment in Nigeria goes that such policy would encourage the development of new exports; that it port substitution would be boosts and that real income levels would be reduced in such a way as make the prospect of greater er ployment more realistic. In a country like Nigeria which we through a period where labor cos were unusually high—and still a in the view of certain government officials—some feel that devalution would have a beneficial effe on the labor market.

on the labor market.

The success of such a policy of pends, however, on the extent the economy's diversification. A ricultural commodities which a exported would be bound to ga from the higher prices negotiate as a result of the new exchangate. Surpluses could be accumulated by the Commodity Board which would enable the authoriti to increase producer prices.

The question of devaluatic does not appear to be appeared in the minds of the authoritie. The buoyant state of the oil maket makes this quite understan able. However, with the suthoriti wanting to shift the economy awaring to shift the economy awaring to the current dependence oil revenue, there seems litt doubt that at some stage or oth the debate over the value of the value of the debate over the value of the value over the value of the value over the value of the value over the value over the value over the value over the value o

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	N'000	N'000		N'000	N'000
Shareholders' Funds	77,208	65,228	Cash & Banks	762,99 1	497,169
Deposits etc.	1,638,286	1,219,578	Investments	39,883	39,961
Contra Items	772,169	516,155	Loans & Discounts	864,836	703,004
Unappropriated Profit	389	362	Contra Items	772,169	516,155
			Other Assets	48,173	45,034
TOTAL	2,488,052	1,801,323	TOTAL	2,488,052	1,801,323

N1 = US\$1.828; Stg. 0.781; FF 7.4276

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Industries



Vational Financing Structure: Vital Backing for Agriculture

DS — Imagine a farmer
h about four or five acres
He is asked to increase his d is advised that the prices improved seed and ferti-ve risen. The farmer will borrow. He will either go ical moneylender or indebt through the traditional fisystem of banking, hoping d weather and success in pay off his debt and have

imagine a banker. He wel-he farmer into his office, in the new bank branches under the Rural Banking The banker might even be nobile bank that travels villages periodically. He is o lend 1,000 Naira to a who can offer no security. nces are that the land canused as security, because ligeria's Land Use Decree e has to produce a certifioccupancy, and the farmer have it yet.

ie simplistic, one might say, tainly one cannot generalnt a country as large as Ni-ut the basic problem is a il one, found with slight ations in most agricultural

questions, therefore, are: igeria have the structures tance to finance agriculoduction and give it its dramatic boost? And, does all farmer have access to

ast one senior official inwith Nigeria's agriculture that "the basic framework whit is there" although not

nercial banks are obliged 1 branches in rural areas; ntral Bank has a fund to ee banks' investment in aga development bank, the re Bank, has been revitalor the cash-crop sector there : commodity boards conby the Central Bank. There - en encouraging signs of coinstitutions have the task lying or guaranteeing credit

According to the outlined Fourth Development Plan, Nigeria is to be self-sufficient in food and cash crop production is to be fully cash crop production is to be may reviewed within seven years. This is the fundamental objective of the "green revolution" to which Presi-dent Shagari's civilian administra-tion committed itself when it came to power in October 1979.

In the meantime, food imports have, according to one estimate, increased by 45 percent in the last four years. Cash crop production has continued to decline, with cocoa purchases in 1979 standing at 162,118 tons against 165,000 tons in 1977; cotton fell in the same po-ried from 181,100 tons to 117,399; peanuts from 140,000 tons to a mere 53, and palm kernel from 301,900 to 222,756 tons. Rice is imported by quota, and has been the subject of some controversy re-

Aggravating the problem are changing food-consumption patterns in growing urban areas. Bread is now eaten in towns, which means expensive imports of wheat, and rice — also a relatively new urban taste — is imported because the imports are cheaper than the

Credit Difficulties

With 90 percent of Nigeria's ag-nicultural output produced by the small farmer, and despite the intention to encourage large-scale enterprises in this sector, the prob-lem of supplying credit is clearly recognized in the Fourth Development Plan

Access to institutional credit is virtually non-existent for the average farmer due to inability to satisfy set conditions," the plan says. "Even when some form of credit is available returns to investment are typically low, given the low production capacity and the limitations of the traditional agricultural system. Direct lending schemes have tended to favor corporate large-scale farms and farmers who possess adequate collater-

has been the formation of the Agricultural Credit Guarantee Scheme. Under this plan, drawn in 1977 as part of the military government's attempts to improve agriment - through the Central Bank The signs of healthy coopera- Bank of Nigeria, first to Marketing

of Nigeria — is the guarantor of up to 75 percent of loans made by commercial banks in the agricultural sector. Commercial banks. under the Central Bank's credit guidelines, are required to commit eight percent of their loans and advances to agricultural production.

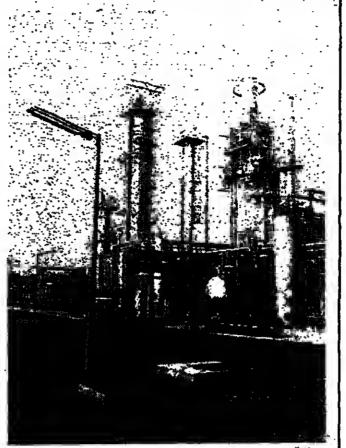
The Agricultural Credit Guarantee Scheme is still young but the evidence suggests that it will be successful. It has managed to reinforce the commercial banks' shaky attitude toward the rural sector. Last year the banks satisfied the Central Bank by meeting the this does not prevent major impediments in development of a close relationship between banker and

The Rural Banking Scheme has gone some way in alleviating the problem of low banking density in rural areas, although it can be argued that having a bank in some small town is not quite the same as going out to the farmer and selling one's services. But while the eligibility of the borrower and the matter of his security remain unestab-lished it is difficult to see how confidence in farmer-banker relations can develop.

One expert has stressed that so long as the farmer cannot obtain

certificate of occupancy red under the reforms of the Land Use Decree, there is no way in which he can prove his loan eli-gibility, let alone offer security. One of the characteristics of the Nigerian banking system is that banks are highly liquid. It is there-fore difficult for them to face the protracted amortization that is a feature of lending in the rural sec-tor. Then there is the problem of rvision of loans to avoid diversion of the money. The consensus is that little will be achieved until more trained banking staff emerge from the system.

Two very different methods of system. Bankers are now being advised that if a farmer can neither



WHERE THE MONEY IS: Oil, the driving force of Nigeria's economy, is processed at a Nigerian refinery.

tives have been encouraging some of the few bright spots in Nieria's credit structure. There is hittle doubt that banks would prefer dealings with a bulk borrower like a cooperative to dealings with small farmers.

Recent Restructining One of the weaknesses of agricultural credit in Nigoria has been the relative neglect of the Agricultural Develop-ment Bank. However, in the last three years there has been a determined effort to raise the capital base of what has become the Nigerian Agricultural and Coopera-

rve Bank, recently restructured. In the cash crop sector the Comborrowing do exist, however, and modity Boards are stirring into a should be seen as part of an entire counterattack to improve output. Cocoa output is suffering from trees that are aging and large num-bers of farmers who see that food prove his eligibility nor offer adequate security, then the assurances of the local "big man" should be acceptable. Of course this is an in-

Boards and then to the Commodity Boards that replaced them.

If these are the main arms of finance in Nigerian agriculture, they will be hard put to meet the ctives set out in the Fourth Plan. The Plan recommends an ex-

pansion of the framework of agri-

cultural finance.

If anything, what is needed is a greater degree of coordination between the government financing agencies, the commercial banks, the state cooperative banks and foreign capital. With the rescheduling of the agricultural processing industry, there will be all the more reason for cohesion. Some would like to see the states develop their own agricultural credit guarantee schemes. But the most immediate need, given the predominant role of the commercial banks and the growing role of the NACE, is to publicize the services that these institutions can or should offer.

A Decade of Growth for Banking

(Continued From Page 1S)

than prevailing conditions in foreign countries, and improving Nigerian access to bank credit with an enlarged system of distribution

Other development functions that the CBN emphasizes are pro-vision and organization of development finance for government and private sectors; development of the banking habit through im-provement in institutional arrangements, accessibility, costs and con-venience of banking facilities; mobilization of domestic savings; eradication of malpractices in Ni

gerian banking and training per-sonnel for the banking industry.

By thus emphasizing develop-ment rather than traditional functions, the CBN seems to have opened new dimensions in African central banking. Three examples il-

Expanding Guidelines

First, taking into account the country's undeveloped financial environment, the CBN discarded the traditional techniques of open market operations, variable liqui-dity ratio and bank rate. With the magnitude of problems making moral exhortation ineffective, the CBN relied on direct action to control the volume, direction and cost of money and credit in the economy through its annual mone-tary policy guidelines started in

Limited at first to commercial banks, but extended in 1976-1977 to cover merchant banks and in 1978-1979 to insurance companies, these guidelines cover interest rates and rendering of returns, credit ceilings and percentage shares, as well as prices and allocations for preferred sectors and oth-

In addition to controlling vol-ume, direction and cost of money and credit in the country, the guidelines have enabled the CBN to influence the operational orientation of commercial and mer-chant banks. They have ensured that the preferred sectors — including manufacturing agriculture and residential housing — get in-creased allocation of credit at more favorable rates of interest than the less preferred sectors (gemeral commerce and others). As a result of the guidelines, the share of commercial bank loans and advances to the preferred sec-tors increased from 32.6 percent at plan, which also was begun in millan.

The outlook for Nigerian banking in the next decade:

'More sophisticated services will be demanded of the banks in the

1980's...'

the end of 1970 to 70.3 percent at the end of 1979, while the share of the less-preferred sector descined from 61.5 percent to 29.7 percent

during the same period.

As a result of special emphasis on agriculture and residential housing, these two sectors began in 1978 to attract specific allocations at concessional rates of interest.

In 1980 a policy was instituted that required banks to deposit (at no interest to themselves) any shortfalls from the minimum ratios to these sectors with the CRN, which would then lend the equivalent of the shortfalls to the Nigerian Agricultural and Cooperative Bank in the case of agriculture and the Federal Mortgage Bank in the case of housing loans for lending to the agricultural and residential housing sectors.

Increased Agricultural Credit

The second illustration of the development orientation of the CBN in the 1970s is the Agricul-tural Credit Guarantee Fund Scheme. Established in 1977 with a fund of N100 million, 60 percent of which is subscribed by the federal government, the plan guaran-tees loans granted by commercial and merchant banks for agricultural production with the aim of increasing credit to the agricultural

For the first eight months of its operations in 1978, the plan guaranteed 341 agricultural loans amounting to N11.3 million. In 1979 a total of 1,105 loans amounting to N33.6 million was guaranteed by the plan, while in 1980 the figures were 945 loans

amounting to N31 million.

1977. Aimed at providing banking facilities in rural areas, the plan directed commercial banks to establish within three years ending in June 1980, a total of 200 rena branches throughout the country. In July, 1980, the second three-year plan was begun under which commercial banks are expected to open 266 additional rural branches in the three years andira in two in the three years ending in June

In spite of these developments it must be emphasized that Nigerian banking and finance is illequipped to satisfy completely the equipped to satisfy completely the country's aspirations for faster developmenum in the 1980s. For a country as large and potentially rich as Nigeria, 26 banks and 800 bank offices are inadequate. More banks should be encouraged to set up show in the country and vigorup shop in the country and vigor-ous branch expansion should be encouraged partly by intensifica-tion of the rural banking plan and

decongestion of urban areas. The banks must continue to be persuaded, even pressured, to change their operational posture and adapt to faster development. Bank lending is still essentially short term and the attitude toward customers essentially indifferent,

As faster development calls for more medium- and long-term lending to the productive sectors of the economy and the training and nuturing of indigeous entrepreneurs, effective marketing of financial services calls for a change from armchair to dynamic bank-

There is an urgent need, too, for the development of private-sector instruments that can be traded in the moocy and capital markets to redress the present situation in which government instruments dominate the two markets.

Finally, there is an imperative need to step up training and execu-tive development programs in the banking industry in order to exploit the country's bright pros-

More sophisticated services will be demanded of the banks in the 1980s in response to changes in the nature of the businesses they are called upon to finance and to increased knowledge and discrimina-tion among their customers.

G.O. Nwankwo is executive director of the Central Bank of Nigeria and the author of "The Nigerian Fi-nuncial System," published by Mac-

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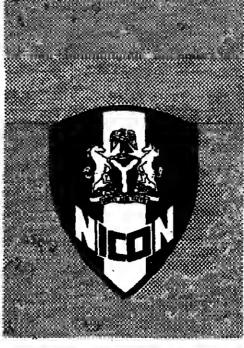
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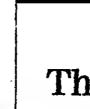




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The History of a 'Decided Convenience'

By Peter Thistle Suffern

AGOS - When the shareholding patterns of banks in Nigeria were changed a few years ago, to give Nigerian interests at least 60 percent of the equity, the Standard Bank of Nigeria changed its name to the rather grand title of First Bank, since it could show a direct line of descent from the first bank to open in Nigeria, almost 90 years ago. When that first bank started its activities the British coastal colonies had not yet evolved into their final shape and the economy of West Africa was very different as well.

British Bank of West Africa (BBWA), George Neville, who ad-vanced the money which enabled the Governor of Lagos, Sir Gilbert Carter, to launch the Nigerian rubber industry. In 1893 that industry exported 56 pounds of rubber, worth 3 pounds starting in 1906 it exported 927,627 pounds worth more than £91,000. (Last month the managing director of the Ni-gerian Rubber Board announced plans to plant 10,000 hectares of rubber, largely to feed domestic

rubber factories).
George Neville was, in effect, the father of the BBWA. An agent at Lagos for Elder Dempster, the shipping group, he had been on the African coast since the 1870s. When he went to England on leave in 1891, he proposed to Elder Dempster head Alfred Jones that the company open a bank in West

What had prompted Neville was the increasing use of British silver coins — florins, shillings, sixpence and threepenny pieces — in the daily life of West Africa. The pieces, shipped out from the Royal Mint in London, had to be recounted on arrival, packed into sacks of 100 and then stored. All this took time and, on occasion, space that could have been more profitably used. Elder Demoster derived no benefits from the money other than shipping fees.

Neville had foresight, Between 1886 and 1890 the number of coins imported annually averaged 24,000; in 1891-95 it was 116,000 and in 1896-1900 it was 257,000. By then the bank had a monopoly on coin imports which it could "sell" at a markup of not more than I percent. Indeed, getting

in Lagos. The other was that the bank should get the government's

Alfred Jones, to whom Neville made his proposal, had visited West Africa at 14 as a ship's cabin boy. Later he joined the Liverpool office of the African Steamship Line, founded in 1850 by Macgregor Land. In the same building were the shipping offices of Macgregor's brother William, where an apprentice named John Holt worked. Holt, who became a hifeloog friend — and business "enemy" — of Alfred Jones, set up his own business after a while, then was invited to join Elder It was the first manager of the Dempster. Within a year he was senior partner and had merged Elder Dempster's British and Afri-can Steam Navigation Company with the African Steamship Com-

pany for which it was agent. By 1902 Elder Dempster was de-scribing itself as "the largest ship-owners in Britain" and "one of the largest commercial houses in the world." It had a near monopoly on shipping to West Africa; owned oil mills in Africa, coaling stations in the Canary Islands and elsewhere, a hotel at Sekondi and others in Jamaica, Britain's first British banana-importing and distributing firm, gold mines, engineering firms, a stevedoring business, engineering firms and others connect-ed with the shipping business. All of them had seemed to come natu-

When Neville suggested to Jones that bank facilities were urgently needed. Jones told him to try to persuade an existing bank to start a branch in Lagos. Neville approached the African Banking Corporation (ABC), which had just opened for business in South Africa. The ABC board accepted Neville's plan and appointed him agent. It took some prodding from Alfred Jones to get the Colonial Office and the Crown agents, who had hitherto been responsible for new-silver shipments, to agree to sole silver-import rights and govcrument banker, though the latter idea was warmly welcomed by offi-

rally in the wake of Alfred Jones.

cials in West Africa. The bank opened for business in September 1891 but soon hit sungs. In October the London manager, at the request of Lagos, asked the Crown Agents to issue an order on the Royal Mint to ship that monopoly had been one of the The Crown Agents refused, claim-pre-conditions for opening a bank ing that there was plenty of coin

lonial governments on the West Coast. The Colonial Secretary refused to sanction the shipment until he had had a full report from the Lagos government. Meanwhile Neville - who had received two shipments of 5,000 pounds each but needed much more — was

pressing for the rest. On Dec. 1 of that year, Alfred Jones joined the tustle and wrote to a senior Colonial Office official for help in the metter. "We have put our names to [this bank] and we must not allow it to be weak at any point. A good sound bank in Lagos, and in other colonies in Af-rica, is an absolute necessity for the development of the country. Don't let us fail now in any little point...! shall be glad also to hear that the government has given our bank in Lagos their account." (The latter did not happen until May

On Dec. 10 the Crown Agents gave the bank permission to ship silver "without restraint." In March 1892 disputes between the ijebu and Egba tribes closed the roads between Lagos and Abeokuta and virtually halted the colony's

The following year the ABC found its hands pretty felly occupied in South Africa, its mair concern, and asked Alfred Jones if Elder Dempster would take over the Lagos operations. Jones agreed, paying £1,000 and undertaking to refund ABC's costs.

The Crown Agents were not happy to entrust the salver currency to the "private bank of a ship-ping firm," partly because of one official's personal dislike for Jones, so they "requested" that a public company called the Bank of Brit-ish West Africa be set up. It was, in 1893, and branches were opened in Accra in 1896, Freetown in 1898. and Banjul (then Bathurst) in 1902. Alfred Jones was chairman and principal shareholder until his death in 1909. The path to the BBWA was not

easy. Authorities in London interrupted the silver monopoly until ment securities had been deposited on behalf of the new bank and even instructed the governor of Lagos to close the official account there. George Neville dealt with an order on the Royal Mint to ship that by calling on the acting gover-\$50,000 worth of florins to Lagos, nor to explain that withdrawal of

continues. The profit was ; then 1318. As the econom West Africa developed through 1890s, so did no osalica.
Benish Bank of West Africa.

success and the trading h company led the African Am set up the Anglo African Ban Old Calabar, where its men dominated trade. The associa compared of merchants i mainly in Liverpool and Manch ter and trading with West Affi-had been skirmishing with Affi lones about shipping rates, fine

By 1905 the Anglo-African B had opened a branch at Gr Bassam in the Ivory Coast and S grown enough to change its not to the Bank of Nigeria and mand a share of the silver a ment monopoly and of gover-ment business. In 1916 the Color al Office agreed to this divini but at about the same time t Bank of Nageria agreed to sell out to the RBWA after the long com petition that undoubtedly had helped spread banking services in Nigeria and elsewhere in West Ad-

Affred Jones, by now Sir Affred; who had fought for the bank's con-ation and continued to fight for in-growth, died in December, 1968.

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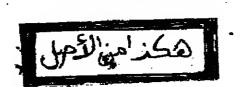
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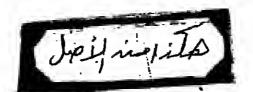
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Package of Incentives for Development It is, in the words of the Minister of Industries, "the first compression of Nigerie's Compression of Niger

ional Party of Nigeria, exits commitment to a mixed y. It also emphasized the Nigeria to attract foreign mt "to help develop Nigerat industry, strengthen her of payments and ensure sfer of technology". Now, months in office, the civilinistration is following up. articular, it proposes to the Nigerian Enterprises on Act to allow foreign a larger share of equity in ypes of enterprise. Under ges, foreigners will be able up to 60 percent interest of the present 40 percent m in the production of ontainers, fertilizers and in sugar plantations and r tree crops, grains and h crops. They will be able up to 40 percent interest in ifacture of jewelry and reticles, garment manufacmilling, all exclusively for s in the past. Reschedul-welry and garment manuis particularily aimed at smuggling. But tin smelt-processing will require a

is no doubt that Nigeria ared badly from foreign lack of confidence, . y uncertainty about the y changed indigenization the military government 1970s. The first decree, changed indigenization vided enterprises into two wned by Nigerians and which foreigners might te - was amended conto the confusion of all d, until a new Nigerian es Promotion Decree was "ated in 1977. This reclassirprises into three "schedd is the one that still oreign operations.

1 60 percent Nigerian

ile One lists 40 types of including such activities sing and public relations, listribution agencies and arming wholly reserved rians. Schedule Two lists - of enterprise, including - and insurance, clearing arding and a variety of inin which foreigners can te only if the Nigerian

SINESS

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MANUAL SS

PRIORITY INDUSTRIES

Agro-based and food-processing industries (cattle ranching and meat processing); dairy industries; fruit growing and fruit-mice production; rice plantations and woodwork complexes; plantation and processing of cocoa, peanuts, coffee, cotton.

Building material industries (cement factories, roofing-sheet production), ceiling materials, door locks, hinges and knobs, floor and wall tiles, quality carpets and carpet tiles, linoleum, plumbing materials, steel pipes, tap heads, baths, handbasins, pipes, window frames and fittings, paints.

Engineering and transport industries (manufacture of component parts for vehicle assembly plants); metalworking and plant maintenance industries.

Chemical, particularly pharmaceutical, industries; industrial chemicals and downstream petro-chemical products.

 Scientific instruments; school and medical laboratory equip-Telecommunications equipment manufacturing (telephone cables and receivers, exchange engines, intercom outlits).

· Electrical and electronics manufacturing industries, as distinct from the assembly of components, e.g., electric fans, air conditioners, refrigerators and freezers, bulbs and fluorescent tubes; elevators and escalators; household electrical goods such as irons and kettles, electric cookers; radio and TV sets (with locally manufactured).

Household equipment and furniture, entlery, crockery and

Schedule Three lists 39 types of lam Adams Ciroma admits, forenterprise, including manufacture eign investment has not been en-of drugs and medicines, engines couraging. But with the return of and turbines and various other in-dustries in which 40 percent Niger-ian participation is required. This and overseas entrepreneurs reallast schedule contains enterprises specialized managerial talent, of infrastructure and industry. The which means in effect only nominal indigenous persistents. nal indigenous participation, but this is also true of some enterprises state governments of diverse party in Schedule Two. This is why the allegiances. All have been sending government proposes moving some items from Schedule Two to high-powered delegations through-out the world to seek investment Three as investment in these areas has stagnated since 1977.

How badly the soldiers' decrees affected investment is illustrated by figures given by Central Bank director Prof. G.O. Nwankwo. Net 1972, N192.6 million in 1973, and N48.3 million in 1974. In 1975, after the first indigenization exercise had been completed, it rose to N475.6 million but dropped again in 1976 to N46.6 million. Since

ized the potential of not just one

for their development programs. President Shehu Shagari's admistration is committed to encouraging private investment, as opposed to the heavy government involvement under the soldiers, alcapital inflow was 319.6 million though there will continue to be naira in 1971, N248.3 million in public-sector involvement when public-sector involvement when necessary or justifiable". The Shagari government's plans are set out in a booklet, released late last year, called "Nigeria's Industrial Policy and Strategy: Guidelines to Investors," an indispensible docu-

ter of industries, "the first compre-hensive blueprint" of Nigeria's long- and short-term industrial aims, and is based on the industrial program outlined in the NPN on manifesto. As well as setting down government priorities and incentives, it carries a list of 36 relevant laws and regulations. It states: "The main thrust of govern-ment effort will shift emphatically to the provision of incentives and infrastructural facilities, the removal of unnecessary disincentives and obstructions and the facilitation of procedures and approval processes — all are designed to make things easier for the industri-

Nigeria is undoubtedly still a growing market for capital goods, but profits from consumer goods can be made only by investing in their production in Nigeria in part-nership with local industries. The new emphasis is on industries which use local raw materials, especially agro-based industries in furtherance of the "Green Revolution" (see box for current priority areas). The administration has rejected the import substitution strategy whose benefits to the national economy, Mr. Adamu said, "bave been minimal, principally because of the invariably low level of local value-added".

Now industries which try to increase local inputs will be encouraged. Wherever possible, local raw materials must be used, and a certain time span is given for changing over to the use of such materials. Linkages between industries will be encouraged, as will backward integration, through relief tax and incentives. Approval of ex-patriate quotas will be tied to a company's plans for staff training enterprises will be encouraged to maintain research and development units. There must be a timeplan for transfer to technology.

Incentives currently being offered include "pioneer status", which gives a tax holiday of up to five years; an "approved users' scheme" under which manufacturers are allowed to import certain raw materials free of duty or at concessionary rates; graduated excise-tax reduction for local valne-added; and substantial concessions for agro-allied industries. Dispersal of industries throughout the country will be encouraged and "industrial free zones" created for industries producing exclusively

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Political Issues: The States and Revenue Sharing

By David Williams

AGOS - Two political issues seemed to be certain threats of danger for the Shehn Shagari administration when it took office in October, 1979. These were the creation of new states and the formula on which federally collected revenues, almost the only source of public funds to Nigeria, would be allocated among the federal, state and local governments. The solution of the states issue, although gathering steam, lies ahead, but in his most striking political success so far the president has secured a National Assembly vote for his revenue allocation proposals.

lo late February, Mr. Shagari was able to sign a bill that should provide a workable system during the rest of his term of office and beyond, even if its critics turn to the courts in the hope of oullifying

it and reopening the issue.

Between 1946 — when Nigeria was divided into what is now the former three regions - and 1977 — by which time Nigeria had 19 states - no fewer than seven commissions examined the revenue allocation formula. All federations face the problem of financing the various "tiers" of government, but in Nigeria the problem is particularly acute. Here, with the exception of the big northern emirates in the period when they collected the "community tax." only the central (later federal) government, through its control of import and export duties and company tax, has been able to collect significant

revenues. The advent of oil, now producing almost 80 percent of federally collected revenue, emphasized the financial dominance of the federal government. But the act of demanding more of this revenue for state or local governments is attractive to politicians.

Revenue Division a Quandary

Although the arguments can be complex, they really concern two issues: To what extent should revenue, even if federally collected, be returned to the state or states from which it is claimed to "derive" whether through mineral or other production or consumption of taxable goods; and to what extent should the allocation take into account "oeed," represented most obviously by population but also by accidents of history or geography. In general, the commissions

Shagari Has Advanced on Formula to Allocate Income

The last commission before the civilian government took over, the Aboyade Committee, went so far as to abandon "derivation" altogether. It recommended instead five new principles: equality of access to development opportunities; national minimum standards for national integration; "absorptive capacity;" a state's independent revenue and tax effort, and "fiscal

efficiency."

The military government accepted this highly academic formula provisionally. But the formula ound no favor with the civilian Constituent Assembly drawing up the constitution for a civilian regime. One of the first tasks of President Shagari was to appoint a new Revenue Allocation Commission, under Ibo economist Dr. Pius Ok-

The commission reported on June 30, 1980 and the federal administration accepted most of its proposals, which paid some regard to "derivation" but less than was paid by any other commission except the Abovade Committee.

Although its proposals were far simpler than those of the Aboyade Committee, the Okigbo Commission did try to refine some of the cruder concepts of revenue allocation. It suggested, for example, a Social Development Factor to be represented by primary school enrollment, to account for 15 percent of the allocation to states. Out of this 15 percent, 11.25 percent would be shared on the basis of direct primary school enrollment, while the balance of 3.75 percent would be shared on the "basis of inverse enrollment which will be represented by the number of children of primary school age who are not in school" — an effort to help states still backward in education. This proposal, approved by the president, was dropped by the

Narrow Viewpoint Implied

When presenting his budget pro-posals for 1981, President Shagari included the Okigbo formula, with some amendments. In the meanhave moved from "derivation" to from state representatives - in- houses,

"need," and the states do have considerrable responsibilities — in edication, roads, agriculture and share of federally collected reversities. nues. Critics maintained that the Okiebo Commission did not reflect popular opinion.

The president's revenue allocation proposals came to the two houses of the National Assembly - the Senate and the House of Representatives — in the form of a bill. The lower house wanted major changes in favor of the states, the Senate minor ones. In accordance with the constitution, a joint committee of both houses met to reconcile their differences, and it

accepted the Senate proposals.

Now, the federal government takes 58.5 percent of federally collected revenue, the state governments 31.5 percent, and loc government's 58.5 percent is divided into 55 percent to the center for minimum duties and responsibilities of the federal government;" 2.5 percent for initial development of Abuja, the new federal capital already under construction, and 1 percent for aid to "ecologically degraded" areas — principally those that might suffer from oil spillage

or damage from mining.

From the states allocation, funds equal to 5 percent of all federally collected revenue are divided among mineral producing states on the basis of "derivation." The remainder is divided as follows: 50 percent equally among all states, 40 percent on the basis of population, and 10 percent on a new principle of "land mass." Of the 10 percent to local governments, 50 percent is to be shared on the basis of "minimum respon-sibilities and duties," 40 percent according to population and 10 percent according to land area.

The Hoose of Representatives had wanted to reduce the federal government's share to 50 percent. increasing the share of state goveraments to 40 percent and leaving that of local governments at 10 percent. Voting in the joint comittee was very close; the proposed 58.5 percent for the federal government, for example, attracted 13 ayes and 11 nays. Twelve members from each house formed the committee, whose decisions do not time, there had been loud demands have to be endorsed by the two

The National Assembly's decision, however, was entirely satisfactory to the federal government. The changes made in the president's original proposals, which differed only slightly from the Ok-igbo Commission's proposals, af-fect only the division of revenue between the state and local govern-

of government are to be spent. The president no doubt also derives satisfaction from the support given to him in the Senate by Senators from the PRP and GNPP, as well as his own National Party of Nigeria (NPN), even if the opposition of NPP senators was a further blow to the existing NPN-NPP alliance, which was intended to ensure a majority in the National Assembly.

ments, and the principles on which

the allocations of these two "tiers"

The National Assembly's approval was particularly important for the advancement of the federal budget for 1981, which was based on the president's formula.

Even the Okigbo formula, en-dorsed by the president, for division of the states' share of revenue, may have seemed too complex to the legislators - although much less complex than the earlier Aboyade formula. The Okigbo formula's "social development factor" was difficult to understand and was dropped.

The new principle of 10 percent for "area" takes into account, for state and local governments, the extra cost per citizen of administering and providing services for sparsely populated areas. There is great variety in area and population density among Nigeria's states. Borno, for example, with just over 3 million people, is 117,000 square kilometers in area; while in Imo a somewhat larger population lives in only 13,000 square kilometers. Local govern-ment areas show similar dispari-

For the president, the National Assembly's acceptance of his proposals offers satisfaction for other reasons. As a member of the Constituent Assembly, long before he was named NPN presidential candidate, he offered suggestions for revenue allocation very similar to those oow adopted. In 1978 he bitterly attacked the Aboyade proposals for being "absord and ab-stract;" claiming they would re-move the problem of revenue allocation from the understanding of the ordinary man in order to make its operation the exclusive preserve of "technocrats who are prone to nipulation, favoritism and other

Above all, Mr. Shagari said, the "population factor" could not be ignored. He finally suggested some 53 percent for the federal govern-ment — including 2 percent for the Federal Capital Territory — 3 per-cent for "special account," 34 percent for states and 10 percent for local government.

Local authorities, it is said, proved incapable of spending even their previous allocations usefully, and the presence of apparently surplus funds attracts the wrong type of people. Allocations will continue to go directly to the councils from the federation, an innovation in Nigerian local govern-ment introduced by the military regime, and state governments will remain unable to use any surpluses. But the federal adm is determined to develop demo-cratic and effective local government, and to make funds available for it - the new formula gives it 8, instead of 3, percent of federally collected revenue.

State Share Increased

State governors and other representatives, including those from the president's own party, will con-time to complain that the states share of revenue is unjustly small. But in fact the new formula cuts the federal government's share of revenue by 20 percent and increases that of the states corresponding-

The already enormous increase in their funds from federally collected revenue is shown by com-paring the figures for 1968-1969 and for 1976-1977 - a 15-fold increase in revenue. The Okigioo Commission calculated that to discharge its responsibilities — which include, for example, not only delense, police and external affairs, but the running of 16 universities and "a host of research institutes" - the federal government needed at least 60 percent of the revenue it collected. It also has to service external debt, some contracted on behalf of states. It has, however, in expectation of a continuing rise in oil revenues, agreed to accept 5 percent less than the Okigbo Com**Balance of Payments**

	,					(N M	ilbon)
Item	-	1980	1981	1982	roßz	-	198 ₅
Merchandise Exports		14,640	15.672	16,758	17.294		20,306
Merchandise Imports		11,818	13,263	14,884	26,60 1		20,548
Trade Balance		2,822	2,409	1,874	1,293		243
Net Non-Factor Service		—993	—1,122	-1,271	1-44	-466	-1,88 ₀
Net Factor Payment		—s4o	-137		-	ro8	258
Current Account Balance		1.589	1,150	544	200	Pigo	2.18 o
Net Transfers		-233	- 262	288	300	-337	- 364
Direct Foreign Investments		240	264	290	350		450
Official Capital		560	700	750	800	- 850	900
Change in Reserve (Minus Increase)		-2,156	—1,852 ·	— 1,296	- Ger	1217	+ 1. ma
Reserve Level			7,209	8,504	A LAR	8,000	7 50%
			Projections to	cen from delli		27 Ser 20 Sept	- The

Oil Sector Account

						- 14
Item	1980	1981	1982	17983	1984	1985
Output in Million Berrel/Day	2.15	2.19	2-24	3.28	2.32	2-37
Domestic Demand in M.BBL/ Day	0.25	0.28	0.31	9.35	0 30	0.44
Exports in Million Barrel/Day	1.90	1.91	1.93	I-93	1.93	1.93
Exports in Million Barrel/Year	694	698	702	705	706	706
Price in Naira per Bairel	20.10	21.31	22,50	23-94	25.38	26.yo
Exports at Current Price	13.939	14.877	15.854	x6.867	17,912	18,980
Exports at 1977 Prices	6,595	6,640	6,676	6,701		6 710

In a sense, the argument about the division is pointless. Apart from the costs of the Ministry of External Affairs, procurement of supplies and other activities abroad in which the state governments also engage, all federal expenditure except that on the new capital takes place in the states. The state governments, in addition to statutory allocations, receive large ad hoc subventions from federally collected revenue. Money retained by the federal government is not "lost" to the states or their citizens. The states have shown a

notable lack of fiscal discipline.

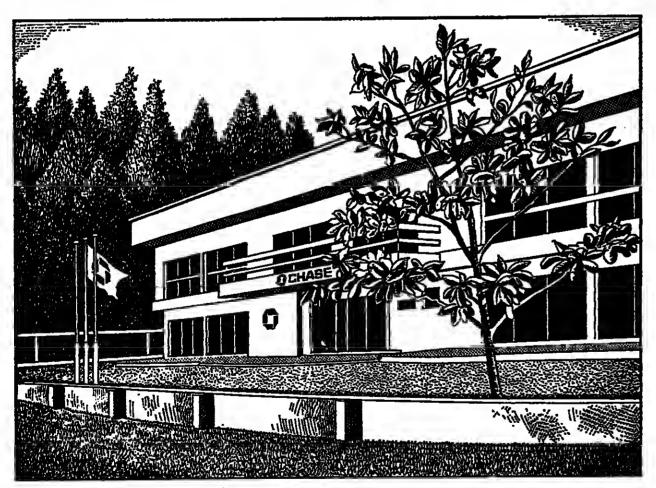
The individual citizen, too, although he may or may not prefer control of spending to be near at hand, is unconcerned about how education, roads, water supplies, health services and the rest are financed, but concerned only with their quality.

The president also has warned legislators: "Such federal amenities as may be enjoyed by your constituents are determined by the size and scope of the federal budg-

The likely steady increase in oil revenues, which seem certain to produce the bulk of federally d letted revenues for many year allouid mean not only that the d cial government can meet obl tions, but that the states will get increasing revenues absolute whatever proportion of feder collected revenues those represe The constitution practices

communities in state allocations federal funds because of the polical complexion of their government. ments. If these revenues show ever cease to expand, revenue a explosive issue than it has been

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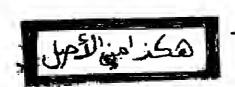
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1985

26.4 12.2 0.4 6.4 5.6 0.2

20.1

3.4 7.2

100.0

1984

6.5 27.7

11.3 0.4

6.5 5.3 0.2 19.5 3.6

100.0

1983

5.1 0.2 18.9 3.8

100.0

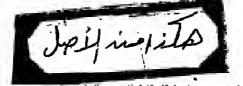
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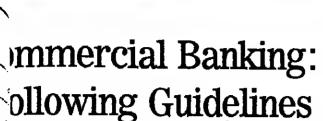
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6.3

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OS — Any banker who aks he would be able to presume to operate within Nigeria without applying himself to the in Nigeria by adhering to macro-economic needs of the sociodox tenets of commercial ety. This is particularly true of those banks that were once the exwould soon find himself Certainly the day-to-day patriate banks and now have a 60of a bank differs little, expercent Nigerian holding. The guidelines, therefore, require banks l efficiency is still wanting r it is the burden of acting to adapt their lending to the develconomy where the capital opment needs of Nigeria and they oney markets, whatever seek to encourage the "Nigerian-ization" of production, especially cent expansion, are still where development bankindustrial production. only now acquiring the Credit Outlets Needed bility and public financial to make them truly effec-More heartening is the attitude where the economic planadopted by bankers. While they might complain in passing at the difficulties in being required to ect of commercial hankers at stretches their orthodox ions. Indeed, they are sugive loans which are scarcely sein a manner that might

Hance of Parment

cured to small-scale businesses or nost excessive for someone On Sector Account ainted with reignant of commercial banks are farmers, they accept the oeed for such a policy. Where differences might emerge, and did in conversa-tions with bankers, was the degree to follow the Central to which they were prepared to take up some of the challenges of f Nigeria's credit guidehich control aggregate quidity ratios and the di-"selling" banking in an economy that is desperately short of comloans and interest rates. mercial credit outlets. o comply results in penal-

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100 million naira advanc-

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of loans and advances. set out as minimum per-

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2 percent, exports 5 per-

development finance in-(the development banks,

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other (8 percent).

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Rocating 70 percent of

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owned wholly by Ni-e definition varies, with

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between 200,000 and

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nother Concern

Linking

to the

national

Nigeria's 20 commercial banks . 0-Percent Ceiling have about 800 branches throughout the country, about the same number that one would find : bank credit expansion in a city such as London.

This is why the government again through the central bank and its rural banking scheme, in its sec-ond phase requires a further 260 branches to be opened throughout the country by December, 1983. It is a costly exercise for some banks; the central bank decides on which states should receive how many banks and on where they should

The rural banking scheme, how ever, leads one into far more delicate, or controversial, territory. The mandatory expansion of branches in specialized sectors is one of the constant refrains among Nigerian planners and bankers The efficiency of banking in Niger ia, especially in its daily opera-tions, is seriously hampered by this problem. People have to wait, on occasions, for several hours for a check to be cashed. The integrity of the banking system is affected. is maximum percentage

Credit Card Problem

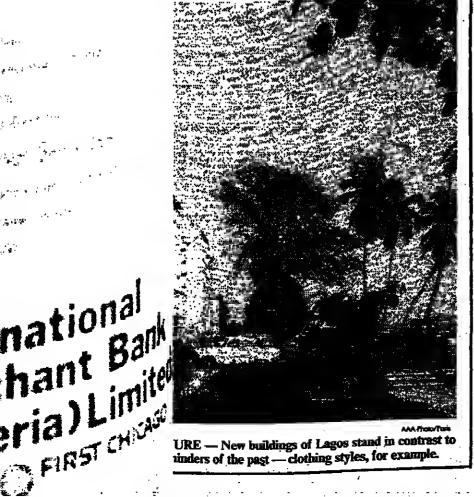
One banker, when asked what the constraints of the banking system were, pulled out a credit card, nues for competitors to the estab efficiency. Whereas First Bank or Union Bank, respectively, the suc-cessors to Standard and Barclays Bank, retain their pre-eminence in the banking picture, the success of a bank - such as the French bank Societe Generale, which arrived in 1977 and has become the fifth largest in Nigeria — has been largely due to innovation. The introduc tion of computers alone has been a

major attraction to depositors.

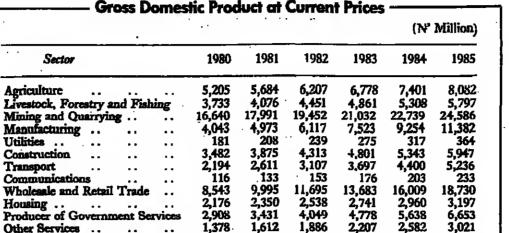
The move into the states by the larger commercial banks raises the problem of relations between banks and the states. Under the constitution, states can dispose of substantial financial resources through the revenue allocation system. How they choose to devise their plans and call upon banks for specific projects is their own busi-

the lack of proper management of some state budgets has left certain banks in deep water. They also have to contend with the volatility of state government deposits.

There are 11 commercial banks have a majority shareholding. It was a recommendation of the Financial Review Commission under Dr. Pius Okigbo (in a report that was never published) that each state should have its own bank. Though this has yet to be achieved. and was rejected at the time by the



URE - New buildings of Lagos stand in contrast to unders of the past - clothing styles, for example.



72,552

1,886

64,208

government participation in the equity of a oumber of banks banks that do suffer from political prompts a more subtle analysis of The Nigerian Enterprises Prowhat "indigenization" means when motions Decree, which by 1976 required all banks to be owned 60 the state rather than the private citizen is the principal beneficiary percent by Nigerians, has been the of that process.

50,599

56,941

Other Services ...

TOTAL

interference at the board level.

subject of some debate. There are

some bankers who believe that in

the early stages of its implementa-

tion, there was such a turnover in

the directorial personnel as to seri-

onsly disadvantage the operation of certain banks. This is a problem that has been greatly reduced, though in principle the question of

Another point that has been raised relates to the role of the indigenous banks, the banks that are completely Nigerian owned. At the time of the Nigerianization process the government actually took equity in the exparriate banks while only offering loans to the in-digenous banks. This again was a

blow to the confidence of those who wished to see indigenous

82,154

But above all, comercial banks have to be developers. It is signifi-cant that the latest central bank credit guidelines call on the commercial banks not to ignore their obligation to lend to "development-oriented finance institu-

Commercial Banks

For all that development banks have existed for agriculture and industry, and though the capital and

money market is now beginning to develop, it is the commercial banks on which the onus for development finance rests. This has led to calls by some bankers that Nigerian banking should adopt continential European banking methods insofar as acquiring equities in in-dustrial enterprises is concerned. Where the capital market is limited, as it is in Europe, the banks have developed, and have been given, the legal opportunity to de-velop a greater understanding and relationship with industry and its

Sector

Manufacturing ...

Communication

Livestock, Forestry and Fishing

Mining and Quarrying ...

Wholesale and Retail Trade

Other Services

Producer of Government Services

Agriculture

Construction

Transport

the fact that while the commercial banks are short-term lenders, basing their activities on short-term deposits, the expectations of the Fourth Development Plan, such as it is outlined at present, require at least medium-term lending of Nigerian commercial banks.

The majority of bankers proclaim their reluctance to include in such lending. There are one or two exceptions, though, who suggest that in any case most lending is at least medium-term. Certainly the

requirement to maintain a high deposit for lending and the apparently low lending rates might give the mpression of squeezing the banks. And what would happen if there is a run on the bank?, some ask in a perfectly respectable tone. Others have suggested that a closer exami-nation of the rate of deposit withdrawals and of on-lending might well reveal that commercial banks are, or could well become, medium-term lenders in an economy that needs just this sort of financ-

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1981

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Gross Domestic Product by Percentage Distribution

1980

4.3 5.7 2.7

100.0



A Black U.S. Company Succeeds in Nigeria

By Leon Dash

T AGOS (WP) - George E. Johnson, dressed conservatively in jacket and tie, startled his Nigerian employees by stepping up to the bright new assembly line and snatching up several jars of one of his shampoo prodocts.

"The tops of these jars must be ught so the product doesn't dry out." Mr. Johnson told them.

On Nigeria's highly competitive consumer market, it does not pay to get an early reputation for faulty products. And Johnson Products Co., the fourth-larget black-owned company in the Unit-ed States, has joined Nigeria's oilfucied gold rush with a joint ven-ture. S4-million factory in the Ikeja suburb of Lagos.

In accordance with Nigerian joint venture laws, 60 percent of the investors and shareholders of the new. Lagos-based factory are Nigerians, while Johnsoo owns 40

The new company, Johnson Products of Nigeria, represents a response to the Nigerian government's open invitation to American investors, the growing invest-ment interest in black Africa's profit potential in a consumer market estimated to comprise be-tween 90 and 100 million persons. The nigerian population is four the new company wept. "The eco-nomic racism which persits in

Chicagoan Builds Factory in Lagos, Sees Vast Potential for Expansion

turer said he begin in 1977 to export "in a big way" some of the company's 45 hair, cosmetic and titlet products to Nigeria.

Then the Nigerian government restricted imports of cosmetics and Johnson shifted into high gear in early 1978 to open a factory here. The factory finally began production last summer with a staff of 35 block and a staff of black Americans and Nigerians.

Mr. Johnson and his wife, Joan, were in Lagos last October for the inauguration of the hangar-like factory, a media advertising blitz, interviews with Nigerian reporters and dinners and cocktail parties with Nigerian government officials and the Nigerian board chairman. Opral Benson.

"The opportunities and the po-tential which exist here are imlargest oil exporting nation and the mense."Mr. Johnson said at and emotional dinner then io which

times the size of Johnson's tradi- (American) society prevents Johntional market among black Ameri- son Products and other black companies as well from marketing and After cautiously testing the market here in the early 1970s, the 53yyear-old Chicago-based manufac"We must be content with what

> But getting established in Nigeria is a long and difficult process, Mr. Johnson and the new factory's American managing director, Mar-ilyn J. Cason, acknowledged. Io mid-1979, American businessmen on a trade mission to Lagos com-plained to Nigerian officials about a confusion of laws governing foreign investment here, the country's slow-moving bureaucracy and pervasive corruption they encounter when trying to become established.

> > 'A Long Process "It's been a long process." Ms.

Cason said about the two-year effort. "It's hard to say that it was smooth, and Nigeria is an expensive country in which to do busi-

Lagos is among the world's most expensive cities. Apartment and bouse rents run from \$50,000 to \$80,000 a year with landlords de-

manding full payment of rents three to five years in advance. Fueled by a tripling of oil revenues in the past two years, annual infla-tion is running at more than 20

"Mr. Johnson said he has spent "at least \$200,000" in the past two years to fly company personnel be-tween Nigeria and the United States and keep company repre-sentatives in Lagos to start the fac-

"It certainly takes a lot of trips of a lot of people to get where we are today," he said. "But this mar-ket is sufficiently viable and attrac-tive that it's worth the effort. ...Johnson Products Nigeria have

the potential of exceeding the size of Johnson Products in the States." Asked if smaller American minority-owned firms could realistically afford the starting costs of investing in Nigeria, Mr. Johnson argued that it was possible.

Nigerian President Shehu Sha-

gari during his trip to the United States earlier this month, "invited black Americans to invest here in the areas of manufacturing, tech-nology, and technology transfer and agriculture," Mr. Johnson said. Given that attitude, I think it is possible for any who want to

If they come prepared to make a full-time commitment and to learn another culture, Mr. Johnson add-

		 3	980	1	981	1982		198	3	350		19	15
II:		Value in Wa		Vaint in N =	Per cest	Value F	er cent	Volue in N is	Per com	Value in N'ss	Pri ond	to Mar	Per con
Capital Goods Intermediate Goods Food Consumer Goods Merchandise Luports Non-factor Services		 5,490 2,559 1,784 1,985 11,816 1,206	40.6 18.9 13.2 14.7 87.A 12.6	6,111 3,038 1,947 2,167 13,263 1,933	40.2 20.0 12.8 14.3 87.3 12.7	6,785 3,607 2,126 2,366 14,884 2,192	39.7 21.1 12.5 13.9 87.2 12.8	7,516 4,206 2,330 2,539 16,601 2,491	39.4 22.6 12.1 13.4 86.9 13.1	8,305 4,904 2,596 2,766 18,485 2,855	35.0 11.7 12.4 54.7 11.3	\$156 \$278 \$272 \$2962 \$0,548 \$232	38.3 24.1 11.4 12.4 86.4 13.4
TOTAL	· · ·	 13,524	100.6	15,196	100.0	17,076	100.0	19,092	100.0	21,120	100.0	25,780	160.0

Imports by End Use at Current Prices

. Les	1988 Value in Na	Per cost	981 Volue is N° m	în cest	982 Value in	Per cent	983 Value in Non	Per cast	1984 Falsa in No.	7	1985 Selector Notes	Per rent
:. Oil Exports	 13,939	90,8	14,877	90.3	15,854	89.7	16,567		17,913			87.4
2. Non-oil Exports	 701	4.6	795	4.8	904	5.1	1,027	5.4	1,10			6.1
3. Merchandise Exports	 14,640	95.4	15,672	95.1	16,758		13,894	94.5		* 96.1		93.7
4. Non-factor Services	 773	4.5	811	4.9	921	5.2	1.047	5.5	1,189	5.9	1,352	6.1
Total	 15,353	100.9	16,483	100.8	17,679	100.0	18,941	100.0	20,268	100.0	21,658	100.0

Challenge for Government: Price of Rice Keeps Rising

L AGOS (WP) — An enduring problem in Lagos, where combative traders thrive oo "We don't have the statistics to freewheeling capitalism, is an astromomical leap in the price of

rice. Any West African government is playing with fire if it fails to ensure that rice, a major staple of urban populations, if available at reasonable prices. Skyrocketing rice prices have sparked some bit-ter urban riots in the region and indirectly set into motion events that brought down the government of William Tolbert in Liberia earlier this year.

With roughly one-fourth of Nigeria's inhabitants living in cities, the increase in rice prices here since last summer has created what nae foriegn observer described as "an explosive situation, when you consider that most people in Lagos barely earned enough to live on before prices began to climb."

The main question is why a 110pound hag of imported rice, which said. arrived at the port of Lagos at the wholesale price of \$52, is retailed in the city at \$180. The price in

part of President Shehu Shagari's administration the distribution of lucrative rice import licences. Government officials have countereharged that their political enemies have bought up buge quantities of domestic rice to precipitate a polit-

Financial Interests

So far it has been revealed that several prominent politicians have suddenly acquired a financial in-

terest in the nice trade.

Like many African countries,
Nigeria does not produce enough food to feed its exploding population and must rely heavily on food imports that total more than \$1 billion annually.

As part of the government's am-bition agricultural development program, certain food items have been put on restricted import lists with the intention of reducing their importation gradually until Nigerian farmers produce enough to end imports altogether. The importa-tion of rice was limited to 200,000 tons earlier this year without spe-

know actually how much rice is needed," said presidential advisor Emmanuel Edozien in an interview, "and the merchants have been engaged in massive hoarding of rice to force the price up.

Mr. Edozien conceded that the rice imports were poorly coordinated and that "the importation bcenses were not evenly spread to ensure an even spread of distribu-

Transportation minister Umaru Dikko, who was appointed head of a task force investigating the rice scandal, is one of President Shagari's closest advisers. In an interview, Mr. Dikko denied charges that only heavy contributors to the president's National Party of Nigeria received rice import licenses.

The licenses were not given exclusively to (National Party) members or its supporters, Mr. Dikko

He said his position as head of the task force investigating the situation did not allow him to give a other Nigerian cities in the interior is reportidly even higher.

Opposition politiciaos have charged political favoritism on the

party lines.
Mr. Dikko volunteered that he has specific information outlining bow the political enemies of President Shagari's administration, whom he also declined to name, had "bought every grain of domes-tic rice and hoarded it in an effort to spark domestie unrest. On top of that, Mr. Dikko added, the boarding by traders has exacerbat-

ed the problem.
On a list released by the Commerce Ministry, the leader of the Senate and a member of the National Party. Olusa Sarake, was included as the head of a live stock company that got a rice import li-cense. Sen. Saraki, however, said he was no longer connected with

the company.

National Party deputy leader of the House, Olushola Afolabi, however, was unapologetic about his floor tile company receiving one of the highly sought licenses

"Do you think because I am in the House of representatives I should stop doing business?" Mr. Afolabi asked reporters who ques-tioned him. "I have been in busi-

oess a long time."

Growing Economic Giant Sets Sights on the Future

(Continued from Page 7S)

simistic about the ability of the oil price to go even higher.

Indeed, Nigeria's concern for caution in handling its oll is appar-

ent at every turn. In a unique bid to ensure political reliability and economic dependability in its cus-tomers, it has a total of 52 pur-chasers, an unusually high number for an exporter of its size.

In the past, Nigeria has suffered when its customers have unilaterally reneged on their committments to uplift contracted crude, as was the case in August, when Poland and Yugoslavia, among others, let

Then, Nigeria was rescued only by the fortuitous outbreak of the Gulf War, which by removing all Iranian and Iraqi crude from the oil market, converted a glut into an overnight shortage, sent the Rot-terdam spot price rocketing, and brought Nigeria's absent pur-chasers back home.

But since this last experience, and as the Gulf oil begins slowly to flow again, from what can be discerned, even greater care and consideration have been given by the Nigerian National Petrolium Corp. to ensuring that foreseeable

and avoidable slips do not sabotage development prospects again.

The doubts that do, however, exist, are all about the development performance is the actual slip. Even the truncated 1980 budget failed to be spent by a large amount. As a leading company chairman put it, "Promises are easy — politicians love them — but putting them into effect is tortuous and slow and that's where the rub comes in." The fears, therefore, over the five-year devel-opment plan are enormous.

Yet, in the spirit of the oil-fired cuphoria and enthusiasm that still prevails in Lagos as the country eagerly awaits the outpouring of economic riches from this cornucopia of development designs, if all does go well, it is not just Nigeria or Nigerians who stand to gain, but also and initially most importantly, the European countries that export to it. For, paradoxically in the short term, although the aim is self-reliance, businessmen say that the plan will increase Nigeria's de-

pendence on imports. The total import bill, which has shown a marked increase since restrictions were eased last year, will,

(Continued on Page 15S)

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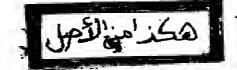
THE RAPID PACE OF MODERNISATION: THE SPEC-TACULAR INDUSTRIAL DEVELOPMENT IN NIGERIA. THE REQUIREMENTS OF INDUSTRY; OF PLASTIC ENGINEERING, AND AGRICULTURE: OF CHEMICAL ENGINEERING, AND THE TYRE INDUSTRY, ETC.

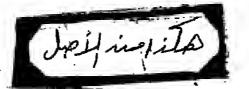
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MODERN — A network of modern highways is among the advantages of Lagos, the capital of Nigeria.

One Man's Share of the 'Green Revolution'

RIDO JUNCTION, Nigeria (NYT) — "Everyone talks about Nigeria's so-called 'green revolution." Yusuf Mahommed was saying here recently. "Well, I decided that I would not just talk but do something about it. So I'm

Until three years ago Mr. Mohammed, 40, was one of the best-known architects and housing consultants in Nigeria. He grew plants as a hobby. Then, on an impulse, he started to grow crops as a

Now the Mobammed farm stretches over 1,000 acres of ver-dant land in Kaduna State, nearly 600 miles from Lagos. Mr. Mohammed is probably making more money than he ever did before, and he is no longer an archi-

He sells 20,000 eggs a day, produces corn and other grains, and soon will be breeding and selling broilers. The farm is almost completely mechanized, with its own power generator, and the 1,000acre farm of today is almost certain to double in acreage by this time next year.

Wealth in Land

"Nigeria's wealth, its true wealth, is in its land," Mr. Mohammed, a sturdy man wearing spectacles, said, resting his albows on a wooden fence beyond which Nigerian Architect's 'Plant Hobby' Leads to 1,000-Acre Kaduna Farm

were several ranch-style buildings that he designed himself. "We have to feed ourselves first — and we have the land and the manpower to become a major agricultural producer. I was accused of not being serious when I decided to get into farming. But I was very much serious, and I'm glad that I did it." Although Nigeria's current riches are the result of its oil reve-

nues a vast majority of the people are farmers. Until oil income started pouring in about a decade ago, agriculture was the country's biggest earner of foreign exchange. It has declined rapidly since then.

The oil boom has sent village youths steadily drifting to the larg-er cities, drawn by visions of more

lucrative jobs there.
"It's really frustrating," said Mr.
Mohammed. "All this land but barely a third of it under active cultivation. We simply have to move into an era of modern agricultural economics.

Mr. Mohammed pointed out mefully that agriculture in Nigeria has also suffered from the fact that

the average farm is no bigger than two or three acres, making it difficult for large-scale mechanized farming. Agriculture has also suf-35 workers, was started in this area, he explained, because land was still cheap, at least in comparison with the south of the country. fered from governmental ineffi-ciency and mismanagement. Mr. Mohammed said that it took him nearly a year to obtain official approval to buy his land and nearly as long to obtain a long-term, low-interest loan of \$900,000.

"But I decided to forge ahead." he said, in an accent that reflected his British education. "After all, I had already spent nearly \$1 mil-lion in initial investment."

That investment involved buy-ing thickly forested land here from several local chiefs. Rido Junction is about 12 miles from the city of Kaduna and the land is carpeted with mango trees and tall grass. This is bush country, made green and lusb from the rain that falls

gently much of the year.

Mr. Mohammed enlisted a friend, Bashir Mohammed, who as the time was in public relations, as farm manager. Like Mr. Mohammed, Bashir Mohammed is tall, friendly and eager to discuss how the farm has succeeded. "It's a matter of persistence," he

available on whether the land was subsequently sold to farmers.
"It's useless talking about Nigeria's green revolution unless the government specifically is more encouraging," Mr. Mohammed said. "The need now is to set up more cooperatives, training pro-grams in villages, and incentive for more people to get into agricul-ture. That, I think, is the only way we can stop this rapid flow of peo-

ple to the already overcrowded cit-

said, pointing to the heated sheds housing young chickens, the feed-

ing areas, the pens where turkeys are being experimentally bred.

"Yusuf became a farmer because he was fed up with leading the conventional life and I became

a farmer because that was what I would have done later on in life

anyway, after retirement.

The farm, which now employs

Yusuf Mohammed, whose wife teaches political science at Kaduna

State Polytechnic, feels that the

government should establish some

sort of program under which it would buy land and then resell it to small farmers such as himself.

Last year, the government was re

ported to have spend about \$17 million on a land clearance pro-

gram, but little information is

OGIES FOR

VG THE on Members Demand ortion of New Wealth

(NYT) - Abdul Kariamu is indignant. Each dles the symbols of af-vided by Nigeria's oil

of the new wealth or habits it brought to s of the country's popsuch as daily cham-king — has trickled n and his fellow dock-

years of unloading the of freighters, the 39ne value of an average d says the \$10 a day — before April, 1980 paid for an eight-hour ut lunch or rest break"

mo and 26,000 other s went on strike twice I closed all seven of Nis because private con-l not paid them a gov-lered 56 percent wage months after it was

ig kept on a short leash a of military govern-Akamo and the more ion unionized workers ave grown increasingly h the year-old civilian in demanding a larger oil wealth.

by oil-fueled inflation id 1970s, cramped into substandard housing ed by the doubling of public transportation last summer, angry ur-s and a budget-conrian government are on course that could have ramifications for the lits financially weaker

est Trade Union

labor has formed the mal trade union move-African continent. As restiveness could spill acent countries among sappy, poorly paid in-i civil service employ-

ng energy bills leaving an national budgers in a world recession slow-dready slow industrial doubtful if more than an countries could abock of long strikes and lemands from the type tion member that Mr.

Led by the Socialist-leaning Ni-gerian Labor Congress president, Hassan Sunmonu, Nigerian unions are demanding that a workers' monthly minimum salary be in-creased to \$564, three times the minimum of \$180 set by Nigerian President Shehn Shagari in April

> President Shagari and his advis-ers argue that the country's growing wealth, 90 percent of which comes from oil, is already too thinly spread among ambitious agri-cultural and industrial development projects, education and health programs. Nigetia has the largest population in Africa, and 25 percent are city workers

Meeting union leaders' mands, several of President Sha gari's advisers said, would push inflation back up to its one-time anmust high of 30 percent and bring major, but capital short govern-ment projects crashing down like houses of cards if money allocated for them had to be shifted to sala-

Government officials claim that overall inflation is running at 9 percent but some experts said it is closer to 20 percent. Even so, union leaders said. Nigeria's oil revo nues have more than doubled in the past two years - to \$25 billion for 1980 — and more of that should be finding its way into workers' pockets.

Wildcat Strikes

Beginning last spring, wildcat strikes have hit private industry, public transportation and federal and state civil service agencies over pay grievances. Federal officials accused union leaders of trying to undermine the government. The union leadership itself, although mited on pay and working condi-tions, is split into pro-Soviet and pro-Western blocs, according to well-informed Nigerian trade un-

Mr. Akamo said he will support union leaders who get him a pay raise. Out of his monthly base salary of \$320, Akamo said he pays \$112 to rent two rooms in Lagos Orosaki slums and \$68 in transport. The remaining \$140 is never enough to feed and clothe his wives, children and himself.

"I don't eat the good food," Mr. Akamo added. "Good food is left for my children."

Since last summer the price of his family's staple food, rice, has

wing Economic Giant Sights on the Future

in period, grow from

which supplies 22

all Nigerian imports, roles, this is welunitaneously, as Niits investment more outside m-

the same time will Migeria's dependexpatriate work force. u Shagari said, "We to reonize the serexperts in the foreespecially in the sciechnological occupa-

the shortage is most already large British, unities employed

in both the private and public sectors. There are, in addition, several hundred thousand immigrant workers from the neighboring West African countries attracted by the big town boom and the in-sel and glitter. The plan's demand for a further 125,000 skilled workers will largely have to be met by yet more influxes from abroad.

Will Develop

In the next five years, therefore, Nigeria's importance as a magnet for exports to Africa, and her minence as the leader of black Africa, will develop dramatically. This will at last furnish the

heady and exuberant rhetoric of her leaders with the hard basis of fact it is so far somewhat weak in. For it will, if even half of what isplanned is actually achieved, convert potential to reality, and boost Africa internationally out of the stagnation and depression it is today caught within

And then, the Nigerian oil giant, with a horizon of perhaps 20 years, production, will have finally emerged as the industrial power of the continent with a plausibly unrestricted life span.



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Central Bank: A 21-Year Record of Progres

AGOS — The Central Bank of L. Nigeria has alternated between tradition and development in its 21-year history. It has struggled through many of the problems that older central banks have encountered and has struck out on new paths, as might be expected of a crucial institution in a major developing economy.

Vetoning economy.

The transition from an institution devoted solely to the traditional aims of central banking—
issuing legal tender, advising the
government, promoting monetary
stability and maintaining external
reserves— to an institution promoting economic development has
been gradual and has brought with
it a number of challenges.

it a number of challenges.
On the one hand the Central
Bank of Nigeria enjoys powers
scarcely matched in the world by a
similar institution. On the other
hand, the widespread description
of the bank as a "passive tool of
government policy" indicates sigmileant erosion of its autonomy.
With the arrival of the civilian administration such a view is only

partly true.

The array of instruments which the bank disposes to impose policies on the financial system is impressive. In its early history, the bank's principal concern was to establish the independence of the national currency, which would be stable. The naira as the major unit lard the kobo as the minor unit heralded the departure of the pounds shilling and pence system and the advent of a decimalized national currency. In 1967 Nigeria refused to devalue along with sterling. In 1973 the mira was devalued "to prevent the country's import bill from rising to unmanageable proportions," according to

Perhaps the more visible aspect of the Central Bank's role is its attempt to render the economy muothe hands of Nigerians. There have been many different methods ranging from use of the money and capital markets to the abritrary annual control of monetary policy through the issue of annual credit guidelines allocating sectoral proportions to commercial banks for interestment.

The promotion of the indigenous money market has included the issue of Treasury Bills in 1960 and Treasury Certificates in 1968. The market, although still limited, has since been refined to include certificates of deposit to facilitate the channeling of commercial banks' surplus funds to the mer'The transition from an an institution devoted solely to the traditional aims of central banking to one promoting economic development has brought with it a number of challenges.'

chant banks, as well a Bankers' Unit Fund and Eligible Develop-

The Bank also has had a substantial role to play in the development of the capital market. It participated in the establishment of the Nigerian Stock Euchange and its involvement has grown since the implementation of the Nigerian Emergiaes Promotions Decree. By excluding from credit ceilings loans granted by commercial banks to individuals for the purpose of buying shares and business in the Stock Euchange, the Bank has played its part. Furthermore, the stock market deals to a very large extent in government securities which are issued and managed by the CBN.

The progress of several of the most important financial institutions of Nigeria has also depended on the participation of the CRN. The Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, the Nigerian Agricultural and Cooperative Bank and the Federal Mostgage Bank have all been beneficiaries.

An even more impressive contribution was the setting up of the Agricultural Credit Gurantee Fund (see stricte on agricultural finance). This scheme is intended to guarantee commercial and merchant banks agricultural credit up to 75 per cent.

The scheme has acquired particular importance in light of the government's desire to orient the economy toward increased agricultural output. The CBN's monetary policies have enabled it to act as the government's instrument in implementing these policies. Credit guidelines help keep the private sector in check. They offer qualita-

tive directives to encourage certain types of investment. At least 8 percent of annual investment has to be allocated to agriculture. Housing is also favored. The CBN also has the right to exact penalties for

failure to comply.

Another recent CBN effort to shake the private banking system out of its seeming complacency was the introduction of the Rural Banking Scheme, now in its second phase. By the end of 1983, Nigerian commercial banks have to open 260 branches in locations decided upon by the Central Bank.

If as a private hanker one examines these instruments wielded by the CBN they appear foremidable, and indeed they are. However, at the heart of the Central Banking principle is the issue of the independence of the Central Bank from the potential political pressures of government. The story of the CBN has been one of a steady erosion of its autonomy during 13 years years of military regimes, which would require very dramatic steps to restore that autonomy now, though there is evidence in the new constitution that through the National Economic Council presided over by the vice-president, there will be opportunity for regular consultation between the principle monetary authorities.

Part of the problem in Nigeria arose in 1968 with the Central Bank of Nigeria (Amendment) Act which directed the Board of Directors of the CBN to keep the Commissioner for Finance informed of the monetary and banking policy pursued by the Bank.

The Decree also gave the Commissioner (the equivalent of Minister) the power to present his own case when he disagreed with the CBN before the then Federal Executive Council. In effect, meant that as the CBN could be present at the council meet whereas the commissioner whereas the CBN case would at

made with sufficient vigor.

The Pinnacial System Re
Committee which reported a
and of 1976—a report which
never been published in full
nonmended an "amendmenstrengthen the process whereir
Central Bank's proposals
monetary and Banking p
teach the Federal Executive C
cil." The recommendation wa
justed in a subsequent White I
published by the government
In 1970 a further amendment
the Central Bank of Migeria

in 1970 a further assessment the Central Bank of Nigeria required that any project N1000,000—this was later a to N1 million—had to be refet to the Federal Executive Colfor approval before any consewed was made. The Bank as quired to seek the approval of Commissioner for France by it opened branches or appropriate to prespondents or agents. But the Act required all CEN sal to be placed on the public see

ernment intervention, the per Governor of the Central Bank Vincent, had this to say shorth fore the handover to civilian at the end of 1979: "Certain is lations enacted between 1968 1970 have eroded the autonom the Central Bank. In spite of t constraints, the Bank has sucfully, in cooperation with Gov ment, steered the econe through years of varying mone and economic experiences." also said in that same speech. he expected the new civilian ministration to repeal the offi ing acts. His request has b largely enswered by the access the monetary authorities have each other.

But legislation alone never, and never will entirely shape it tions between the Bank and government. Much depends on personalities of the authorities volved and the respect in withey hold each other. In a develing economy it is also difficult think of a Central Bank compily independent of the governme in fact, with an economy of a cize, diversity and dynamical Nigeria's it would seen that all tain compliance to the priorities government are essential.

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المكذامين الأجل إ

JRG, West Germany - Mannesmann Demag said Tuesday ontinuing work on a plant for cootmuous pipe production at

ioshan steel complex.

ist mooth asked a SMS Schloemann-Siemag-led consortium to
the Baoshan steel mill order, valued at 1.3 billion Deutsche unnesmann Demag said Chinese officials had given assurances 10-million-DM contract will be upheld according to agreed it on the order is continuing in West Germany and China, the

uile. Zimmer, a West German subsidiary of Davy Internationhere is a possibility that China will withdraw its request to 00-million-DM polyester plant order. A company spokesman work on the order has progressed so far that the Chinese may

n Air Picks Upgraded Rolls Engines

From Agency Dispatches

— Eastern Airlines says it had selected upgraded Rolls-Royce

its 27 Boeing 757 jets on order.

picked the Rolls-Royce RB211-535E4 for the new jets, upfrom the Rolls-Royce RB211-535C engines it had selected the carrier said Monday it decided on the upgraded engines their fuel efficiency.

their fuel efficiency.

on, a Rolls-Royce spokesman said the order, valued at about
on, was a major boost for the new engine's long-term pros-

ishi to Boost Output for Chrysler Reviers — Mitsubishi Motor, citing rising demand, said I

- Mitsubishi Motor, citing rising demand, said Tuesday it ease production of small cars and trucks for marketing in the

shi, 15-percent-owned by Chrysler, said U.S. sales of its vehishi, 15-percent-owned by Chrysler, said U.S. saids of the 22,300 in February from 10,500 in January following a sales.

The company said it plans to increase production for U.S. The company said is passed on the company said is some sales network in the company said is passed in the company said is some said in the company said is some said in the company said is some said in the company said in the company said is some said in the company said in

Purchases 6% Stake in B.F. Goodrich The Associated Press

I. Ohio - Gulf & Western Industries has purchased 5.96 perightly more than 1 million commoo shares, of B.F. Goodrich the New York-based cooglomerate says it does not plans a ttempt, Goodrich said Tuesday.

: ron-based tire and rubber company said Gulf & Western c Charles Bluhdorn told Goodrich Chairman John Ong by tele-; Gulf & Western was interested in the stock only as an investthat its percentage of stock ownership would not rise above 9.9

un Plans to Boost Stake in Scott Paper

NGTON — Brascan Ltd. said in a filing with the Securities range Commission Tuesday that it intends to increase to 20 stake in Scott Paper Co.

said it now owns 4.5 million shares, or 11.6 percent, of Scott's
Last week, Scott said Brascan bad told the company that it
o acquire at least 15 percent of Scott's common.

F. Saudis Near Accord on Big Loans are maintained. The ministry server status for IMF annual meetings. are maintained. The ministry supplied a framework of \$3 billion for first half of fiscal 1980 and \$4 billion for the

Hobart Rowen

NGTON — The Internactary Fund is ocar an Sandi Azabia un the wealthy oil-exportwill lend the IMF over year for the next two the possibility of ex-deal for a third year. the Saudis are outling of their voting the IMF which would e sixth-highest rank in lending agency, United States, Great est Germany, France

that the Saudis — technically, the 3 billion to 4 billion rights (SDRs) each probably would be by an additional 1 from Kuwait and the Emirates. That would of between 4 billion SDRs, or about \$6 which the IMF desfor lending to hard-

moment the IMF has it usable hard curren-tic only about 20 fix an infusion of billion SDRs this year the total by 25 per-Arab nation's contributhe become available and replace the so-inteveen facility," which to run out in a few Witteveen facility, former managing dihannes Witteveen, was \$10-billion fund collected eedy countries surmount

f-payments difficulties. wsued for a Year

al with the Arabs, which raging Director Jacques ere has been pursuing for r a year, presumably ratified by the IMF's Innmittee at its May meet-

reville, Gabon. ing to well-informed be Saudis feel that if they ater voting power in the ugh enlarging their quota their deposits — in the hey will be able to fight ctively to gain the Pales-ration Organization ob-

men:

HERE

14

tled to its own seat on the board of executive directors because it is one of the largest lenders to the organization. But according to IMF officials, the Arab nation feels "it will have a better leg to stand on in-the internal debates. if it became, in effect, one of the "Big Six" powers ranked according to quotas in

For the last two years, the PLO has sought observer status at the annual joint meeting of the IMF and World Bank and has been rebuffed by the existing power struc-ture of the two organizations, espe-cially by the United States. At the 1980 annual meetings in Washington, the PLO was kept out, after a bitter fight, only by climinating all observers from the sessions.

The Reagan administration,

IMF Sets Loan Of \$997 Million For Morocco

WASHINGTON — The Interna-tional Monetary Fund said Mon-day it agreed to lend Morocco \$997.8 million to help the govern-ment with its economic reforms.

The IMF agreement, which runs until October, 1983, is aimed at helping Morocco improve its gross domestic product growth, limiting inflation and reducing current-account and budget deficits.

An IMF statement said that to achieve these ends the government intended emphasizing productive projects and energy development and reforming nationalized enterprises and the tax system. It also intended to liberalize its trade and

exchange system. The IMF said reform steps already taken by Morocco last year had caused gross domestic product to rise significantly and the cur-rent-account deficit bad narrowed. However, last year's balance of payments was affected by a substantial decline in the volume of phosphate exports, the IMF said.

CURRENCY RATES

exchange rates for March 10, 1981, excluding bank service charges 2 D.M.
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61.50 485.05 205.9.
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Page 17 Western Page 17 Wester Bonus Issue. Rights Offer

Hongkong-Shanghai Sets Interim Payout

LONDON — Hongkong & Shanghai Banking Corp. an-nounced Tuesday a 3-for-20 rights issue and a 1-for-4 bonus issue. It also declared a special interim dividend of 47 Hong Kong cents (about 9 U.S. cents) per share in lieu of a final payout.

The bank reported after-tax profit of 1.43 billion Hong Kong dollars.

The rights issue will raise about 2 billion Hong Koog dollars, the bank said. It said that although the bank is in a strong financial posi-tion, the directors want to ensure a proper balance between assets and the capital base. Group assets con-tinue to increase rapidly, it added.

The bank said the 1980 special interim dividend is the same as the final that would have been doclared in the absence of a rights issue, and is being distributed in this form before the close of the rights issue to assist shareholders who wish to take up their rights.

The special interim dividend plus the interim dividend of 18 Hong Kong cents will make a total payout of 65 Hong Kong cents, the bank said.

Of the rights subscription price of 12 Hong Kong dollars per share, 6 Hong Kong dollars will be payable on acceptance, no later than May 5, and the balance on Oct. 22.

Each partly paid rights share will carry voting and dividend rights in proportion to the amount paid up. Thus, the shares will participate in the October 1981 interim dividend on a 50-percent basis,

PLO admission and is prepared to

say to the two organizations: "We

have no opposition to the PLO so

you must be prepared to admit

every terrorist organization in the

ministration officials recognize

and are unlikely to oppose an IMF-Saudi deal in which the quid

pro quo for a big Saudi loan is an

enhanced role for the Saudis in the

to be worked out. The Saudis,

1.69 percent of the weighted votes

would like to have 3.5 percent

That creates something of a sensitive issue, because it would slide the Saudis in the power structure just ahead of Canada (3.4 percent) and Italy (3.1 percent). Moreover, the extra voting power assigned the Saudis would require fractional downward adjustments for exercises.

downward adjustments for every-one else in the IMF.

specific position yet on the Saudi quota hut probably would be sym-pathetic to Canadian and Italian efforts to maintain their presti-

gious rankings. A Saudi quota just

over 3 percent — if they would ac-cept it — would rank them eighth,

behind Canada and Italy and just ahead of China, which has 3.02

attainable.

.U.S. officials have not taken a

Nonetheless, other Reagan ad-

long as you don't discriminate -

After payment of the remaining 6 Hong Kong dollars per share, the tights shares will participate fully in the final 1981 dividend. The rights shares will not count toward the bonus issue, nor will they be eligible for the special interim divi-

on, the sources said. terview that he is admiant against

tion, however, totaled more than nese bank share will be under 10 percent, they said. Moreover, repayment of some loans before maturity, reflecting a sharp decline in spreads, totaled an estimated \$600 million, they said.

that the Saudis are playing "a role of moderation in the Middle East" dollar syndicated loans to no more than 20 percent of the total loan amount, except when a Japanese bank becomes agent for a loan. In that case, the sources reported, Japanese banks will be allowed up whose quota presently amounts to 1.74 percent of the total (providing

U.K. Producer Prices Up

prices rose 1 percent in February after a 1.5 percent gain in January, the Industry Department said Tuesday. Compared with a year ago, wholesale price annual inflation fell for the eleventh successive month to 10% percent in February.

UAW Reaffiliation

Japanese Business Pressing Stimulus Plan

By William Chapman

Washington Post Service

TOKYO — The Japanese government, strongly prodded by businessmen, is expected to approve soon a program to stimulate an economy that has proved to be a good deal more sluggish than expected this year.

A bad start for 1981, especially for small and medium-sized businesses, has left the business community gloomy and eager for a shot in the arm, but the government package is expected to be a modest one, probably falling short of expectations.

The sluggishness has begun to worry the usually buoyant economic planners, although they agree they are not faced with the

serious, long-term economie malaise they see in the United States and some Western Enropean countries.
"It is not as serious as in the Western

countries, but for Japan it is serious," said Isamu Miyazaki, vice minister of the ecois and in market of the economic planning agency. If some stimulation is not applied, he said, economic growth this year might fall to between 3 and 4 percent, considerably below the official target of 5.3 percent established for the fiscal year beginning and 1.

ning April 1.

For most other countries, the Japanese economy would be a model for envy, it survived the last round of oil price increases with minimal damage and has largely over-come the big fear of large-scale inflation. Af-ter April, Mr. Mryazaki said, the annual inflation rate for consumer goods will slow to But the strong recovery predicted last fall has not come about. There has been a slump in personal consumption and a deterioration in the housing industry. New investment by small and medium-sized industries has fallen off and inventories are considerably higher than they had been projected at this point.

The business community, which is traditionally less sanguine than government plan-ners, has been emphasizing those problems m research studies and press conferences to back up its demand for action.

Several hanks and research organizations Several hanks and research organizations are predicting continued bad times. The Mitsubishi Research Institute has projected a growth rate of only 4.5 percent in the coming fiscal year, Monday, the influential Federation of Economic Organizations warned of a slump in corporate earnings and asserted that the downturn is going to continue for some time.

Japan's normal reaction in a sluggish period is to churn up its export industries for a bigger assault on foreign markets. The planners say that is not the case this time. In an interview, Mr. Miyazaki said there is not much hope for bigger exports to Western markets this year, citing the slow growth rates being predicted in the United States and Europe

Another reason, he said, is that many of those countries are already running big trade deficits and more Japanese exports would only cause new frictions. "We cannot rely on external demand," Mr. Miyazaki said.

There appears to be one exception. The government is reported to be preparing a major change in export assistance to boost sales abroad of industrial plants, which have not been moving well. The reports say the government will offer more appealing export-import loans and long-term, low-interest loans from the Overseas Economic Cooperation Fund.

The stimulative package reported so far in Japanese newspapers is modest. The main part calls for a new reduction in the discount rate and a reduction in reserve deposit rates. But even that is in doubt.

The Bank of Japan sets bank rates, and the government's economic planners have lit-tle control over that institution. They can only plead for a credit loosening. "We can explain that the economic situation is weak and that we need to reduce interest rates to stimulate domestic demand," Mr. Miyazaki

The government's major economic emphasis this year is on reducing dependence on national bonds, which precludes any major new public works programs to provide added stimulation. The planners' alternative is to pack as much as possible of the public works authorized into the first half of the fiscal year — perhaps about 70 percent of the total
— and hope it provides an early stimulus.

The rest of the plan, which is expected to
go to the cabinet next Tuesday, calls for

modest incentives for providing credit in the housing and capital investment sectors.

Japan Banks May Boost Euromart Role Gold Price

TOKYO -- The Finance Ministry is expected to allow Japanese banks to increase their participation in internationally syndicated Euromarket transactions, banking

sources said Tuesday.

The banks will be permitted to raise their share of dollar-syndicated loans to 13 percent from 10 percent of total international syndications from April to September, the first half of the 1981 fiscal year, the sources reported.

This is because repayment will start in the coming fiscal year for loans supplied in fiscal 1978, when Japanese banks' participation in syndicated loans began to increase sharply, they said.

Repayment of syndicated loans before maturity is also likely to continue at a high level if current low spreads for syndicated loans

administration, is dedicated to second half on a commitment ba-World Bank activities. A high ad-10 percent of international syndiministration official said in an in-

Actual international syndica-\$80 billinn in the year, so the Japa-

The Finance Mininstry is ex-pected to maintain the present guidelines restricting Japanese banks participation in individual to a 50 percent participation. However, all of this still remains

LONDON - U.K. wholesale

DETROIT — The United Auto Workers' international executive board voted unanimously Tuesday to recommend reaffilation with the AFL-CIO, President Dauglas Fraser announced.

Horestal

LORESTAL, a luxurious estate situated on over a

third of a mile of oceanfront property in presti-

considered the crowning achievement of architect George Washington Smith's career. Fifty-one lush,

secluded acres provide a peerless setting for gracious

separate four-car garage, staff quarters, beach cabana

and six-room gate house. Built in 1927, Florestal recalls an era of true luxury and offers a quality of life rarely

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Sale subject to court confirmation

living in Florestal's magnificent six-bedroom home,

gious Hope Ranch (Santa Barbara, California) is

subject to Finanance Ministry loans, usually for long periods of scrutiny and its approval for par-ticipation will still be needed, they

The ministry is also expected to expand the framework for Japa-nese banks' supply of yen-denominated syndicated loans to overseas rowers, currently limited to interborrowers, they said.

months ending this month was 200 to include foreign governments billion yen (about \$968 million), and government-related bodies, but demand for yen-syndicated they said.

national financial institutions and The framework for the six suppliers of energy and resources,

from 3.8 billion in December.

of 3.056 billion DM and the Janu-

ary, 1980, shortfall of 1,321 billion.

The private sector took up a net

5.4 billion DM in credits from for-

eign lenders, comprising a capital

import, compared to December's

net repayment of a similar

Bundesbank said West German President Karl Carstens will attend

the next meeting of the Bundes-bank central council oo March 19.

In response to an enquiry, the spokesman said the president will

have talks about current topics in

The last visit of a West German

President to the Bundesbank was

In another announcement, the

Payments Deficit Narrows

amount

monetary policy.

In W. Germany in January

From Agency Disputches
FRANKFURT — West Germany had a balance-of-payments deficit of 845 million Deutsche marks in January after deficits of 3.82 billion DM in December and 3.88 billion DM in January, 1980, the Bundesbank said Tuesday.

deficit of 4.989 billion DM, up sharply from the December deficit of 675 million DM and 2.413 billion DM in January last year.

West Germany showed large oet capital imports in January for the first time in several months. The capital account bad surplus of 4.130 billioo DM, compared to a revised December deficit of 474 million DM and a January, 1980, deficit of 1.817 billion DM, the central bank said.

The Bundesbank said that the so-called "gentlemeo's agreement" to stop West German banks from lending to foreigners had, through the first quarter of 1981, contributed to a positive balance on the long-term capital account.

The long-term capital account, an indicator of how well West Germany is financing its current-ac-count deficit, showed a surplus in January of 1.805 billion DM, down from 2.582 billion DM in December. It compares with a deficit of 495 million in January,

THE PHILIPPINE INVESTMENT COMPANY S.A. Net Asset Value as of February 28, 1981 U.S. \$10.00

Manila Pacific Securities S.A.

Jumps \$10 From Agency Dispatche

LONDON — The price of gold, which was trading last week at its lowest level for 15 months, jumped by \$10 an onnce Tuesday. The metal closed at rose to

\$485.50-\$487 an ounce on European bullion markets compared with Monday's \$477, causing specula-tion that its falling curve might have bottomed out. The dollar, meanwhile weak-

ened against major currencies for the third consecutive day as U.S. banks announced a new round of cuts in the prime lending rate. The pound rose to \$2,2210, an

Foreign borrowing by the govincrease of nearly 1 cent from Monday's \$2.2130. The rise came erument accounted for most of January's long-term capital im-ports, but such credits declined in before announcement of Britain's spring tax budget, which cut the Bank of England's Minimun Lend-January to around 2 billion DM ing Rate, the bellwether for all The short-term capital accountlending in Britain, by 2 points, to ed posted a January surplus of 12.5 percent. 2.324 billion DM, compared to a revised, narrower December deficit

> ers said a two-point cut in MLR had been largely discounted, while some operators had expected a One London gold dealer said that because of the recent fall in

> the metal, any significant amount of routine buying could cause a sudden jump in the price. When gold last week fell to \$457 dollars an ounce, several analysts

predicted it would soon be testing what they called the psychological \$450 barrier. In Frankfurt, the Bundesbank said it would hold its special Lom-

PUT YOUR TRUST IN A CINCHAND I IDS a cut in leading interest rates, dealvestment, gliss and personal use a exceptionally good prices. All dia monds guaranteed by Certificate Contact us for free bocklet "Fractical Guide for Diamond in vestment" or visit us and see the International Diamond Sales Head office : 50-52. Hoveniersstraat 2000 Antwerp. Belgium Tel. 031-31 77-64, Telex 35395 indisa-b LONDON: Inn on the Park Hamilton Place - Park Lane Lendon W1 - Tel. 01-409 1844 bard facility open at unchanged 12 percent for transactions Wednes-

NYSE Prices

Off on News

NEW YORK - President Reagan's budget message to Con-gress unsettled an upward trend on

the New York Stock Exchange

Tuesday and prices fell in active trading, though late bargain-hunt-ing cushioned the fall.

Some analysts said Mr.
Reagan's final budget figures
raised new fears about the outlook

for interest rates and inflation. But

others said investors were looking

for an excuse to sell into recent market gains. Before the budget

news, prices rose as major banks cut their prime rates to 18 percent

The Dow Jones industrial average, up 7 points earlier, ended down 3.76 points to 972.66. Decline led down 3.76 points to 972.66.

lines led advances 8 to 7 as volume

expanded to 57 million shares from 46.2 million Monday.

Monte Gordon of Dreyfus

Corp. said the budget calls for tax cuts heavily weighted to the indi-vidual at the expense of business. He said Wall Street would view

that as Keynesian stimulation of

consumption rather than stimula-

Business would get a \$9.7 billion tax cut while individuals would get \$44.2 billion in tax cuts. The bond market also pulled back on the news. Credit market analysts tied

the weakness to the added \$14 bil-

lion in Treasury borrowing con-tained in the budget above previ-

But Joseph McAlinden of Argus Research said "people are looking for an excuse to sell."

Among blue chips, General Mo-tors lost 1½ to 51½, Du Pont 1½ to 49½, fBM % to 62½ and Sears Roebuck 1¼ to 16%, all in active

trading. U.S. Steel slipped % to 30%. Eastman Kodak % to 79%

and Westinghouse 14 to 291/2.

from 181/2 percent.

tion of supply.

ous estimates.

Of Budget

This announcement appears as a matter of record only



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Arranged and provided by The National Bank of Kuwait S.A.K.



February 1981

NYSE Nationwide Trading Closing Prices Mar. 10 Tables include the nationwide prices up to the closing on Wall Street.

273 AME LOW 244
34 AMERICAN 240
34 AMERICAN 240
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A PIPELINE ALONE WON'T SOLVE AMERICA'S ENERGY PROBLEMS into many kinds of en-BRINGING IMAGINATION TO THE **BUSINESS OF ENERGY** PCO INC. - 1800 S. BALTIMORE AVE. - TULSA.

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1.34 1.24 .36r .30 wr P12.50 1.54 1.70



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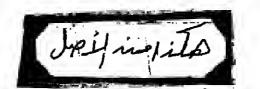
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S., Canada in Cable TV Battle

by Penny Pagano

os Angeles Times Service

HINGTON — When Minbegan accepting bids in
19. from companies wantstall competing cable teleystems, no one expected
that erupted — an angry
between U.S. and Canadi-

sts.

1 the year the city council down a decision that faS.-owned Northern CaInc., a subsidiary of oadcasting.

is merely heated up the investing off bitter new accusations of bribes investigated the eventually reached the a Supreme Court. Now agle is before the state and.

heart of the dispute is the m of U.S. Cablesystems ch, despite its name, is rowned. Rankled by the s Canadian connection, inpeting U.S. businesses dvertising space in newspose this question:

time when the U.S. is to dependent on foreign including Canadian oil, t we import services that companies can pro-

articular battle has gone a than most franchise out the issue of foreignoof the growing U.S. the is generating heated sy within the industry.

dful of large Canadian communications compandy hold the cable fransuch cities as Atlanta, iderdale, Fla., Syracuse, ne of the suburbs of Del Chicago, and sizable lew Jersey.

restinate that Canadians e franchises serving two of the 17.5 million U.S. iscribers, and that that e should at least double of the decade.

recentages may be small he dollars. The cable ind revenues of \$1.8 billion and those revenues are exskyrocket by 1990. ble companies are seeth-

y talk about the 1934 cations Act and its proarring foreign ownership allo and television — but systems.

20% Limit

ey do not forget that in er U.S. companies went da and its cable business, inment there imposed a

20-percent limit on U.S. interests Communication io Canadian cable and forced them Canadian conto divest. At the time, eight of the glomerate, inc

Because of fewer TV channels and the country's geography, the Canadian cable market developed earlier than the U.S. market, and is

largest cable companies in Canada

now 80 percent saturated.

Several years ago, Canadian cable companies entered the U.S. market, in many cases with greater expertise and local programming experience than most U.S. cable companies have. Another attraction for the Canadians: Monthly U.S. cable fees often are double

those in Canada.

Their U.S. critics complain that the Canadians watched while U.S. companies struggled through earlier organizing efforts. Now that lucrative U.S. franchises are available, they say, the Canadian competition is unfair.

able, they say, the Canadian competition is unfair.

"From the point of view of faiross and equity, it's like the Korean War and the Yalu River. The Canadians can sit up there with their economic base and pick and choose where they want to go,"said John Malone, president of Tele-Communications Inc., the third largest U.S. cable company.

Curbs Sought

Some U.S. cable operators say reciprocity or alien ownership restrictions should be imposed. Others say the issue is one of international economics, and of Canadian profits made in the United States that go back in U.S. dollars to Canada. Still others argue that no foreign country — even a friendly ally like Canada — should be allowed to control part of increasingly vital telecommunications systems in the United States.

The Canadian companies contend that the opposition to them was manufactured by segments of the U.S. cable industry whose territory is threatened by their entry.

"The problem arises because Canadian companies have been relatively successful in gaining franchises — it really starts and finishes there," said Philip Lind, president of U.S. Cablesystems Inc. in Toronto, a part of Canadian Cablesystems, that country's largest cable operator, Mr. Lind said he did not expect Canada's stake in the U.S. cable market ever to surpass 5 percent.

Canadian Success

In U.S. cities, where Canadians have won franchises, the reponse to their operations is positive.

"We've been outstandingly pleased," said Steve Galligan, an official in Fort Landerdale.

The system installed by Selkirk

Communications, another major Canadian communications conglomerate, includes a separate channel that links all city, state

channel that make an city, state and federal buildings.

Eugene E. Fitzgibbons, vice president of Selkirk, claims that most of the franchise battles in the United States will be over in two years. "I don't know what they ithe Americans are crying about," he said. "They are winning 99 percent of the franchises."

Eurocurrency Interest Rates

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Selected Over-the-Counter

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Toronto Stocks

Closing Prices, March 9, 1981

Floating Rate Notes Closing prices, March 10, 1981

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Gold Options (prices in S/oz.)

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This announcement appears as a matter of record only



finmeccanica

SOCIETÀ FINANZIARIA MECCANICA FINMECCANICA S.P.A.

U.S. \$75 million Medium-Term Loan

Managed by

Abu Dhabi Investment Company Arab Banking Corporation (ABC)
Arab Bank Limited European Arab Bank Group
Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
Lavoro Bank International The National Bank of Kuwait S.A.K.

Co-Managed by

Alahli Bank of Kuwait K.S.C. Al-UBAF Group

Arab African International Bank

Arab Bank for Investment and Foreign Trade, Abu Dhabi

Frab Bank International The Industrial Bank of Kuwait, K.S.C.

Provided by Creditanstalt-Bankverein

In association with

The National Bank of Kuwait S.A.K. Abu Dhabi Investment Company
Arab Banking Corporation (ABC) Arab Bank Limited (O.B.U. – Bahrain)
European Arab Bank Limited

European Arab Bank Limited

Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)

Lavoro Bank International Alahli Bank of Kuwait K.S.C.

Arab African International Bank

Arab Bank for Investment and Foreign Trade, Abu Dhabi

Freb Bank International The Industrial Bank of Kuwait, K.S.C.

Arab Bank for Investment and Foreign Trade, Abu Dhabi
Frab Bank International The Industrial Bank of Kuwait, K.S.C.
Bank of Kuwait and the Middle East K.S.C. UBAF Bank Limited
Gulf International Bank B.S.C. UBAN-Arab Japanese Finance Limited
Kuwait International Investment Co. s.a.k.

Arranged by and acting as Agent
The National Bank of Kuwait S.A.K.



March 1981

This announcement appears as a matter of record only



ABDULMOHSEN ABDULAZIZ AL-BABTAIN COMPANY

K.D. 15 million Medium Term Loan

Managed by

The National Bank of Kuwait S.A.K. The Industrial Bank of Kuwait, K.S.C.

Co-Managed by

Alahli Bank of Kuwait K.S.C.

The Bank of Kuwait and the Middle East K.S.C.

Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)

Kuwait International Investment Co. s.a.k.

Provided by

Alahli Bank of Kuwait K.S.C. Arab Trust Company K.S.C.

Bank of Bahrain and Kuwait B.S.C.

The Bank of Kuwait and the Middle East K.S.C.

Burgan Bank S.A.K.

The Industrial Bank of Kuwait, K.S.C.

Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)

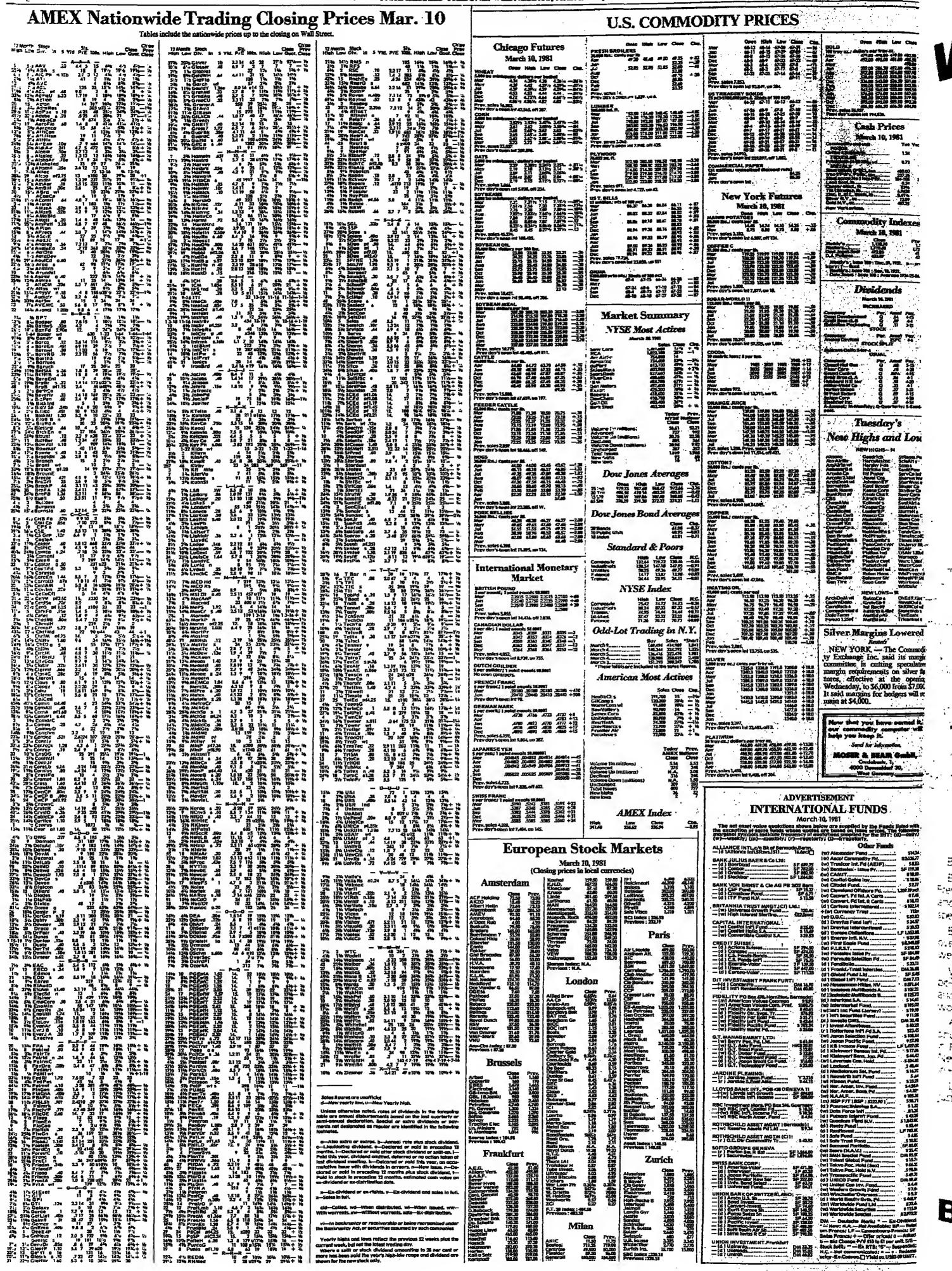
Kuwait International Investment Co. s.a.k.

The National Bank of Kuwait S.A.K.

The National Bank of Kuwait S.A.K.



February 1981

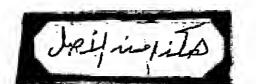


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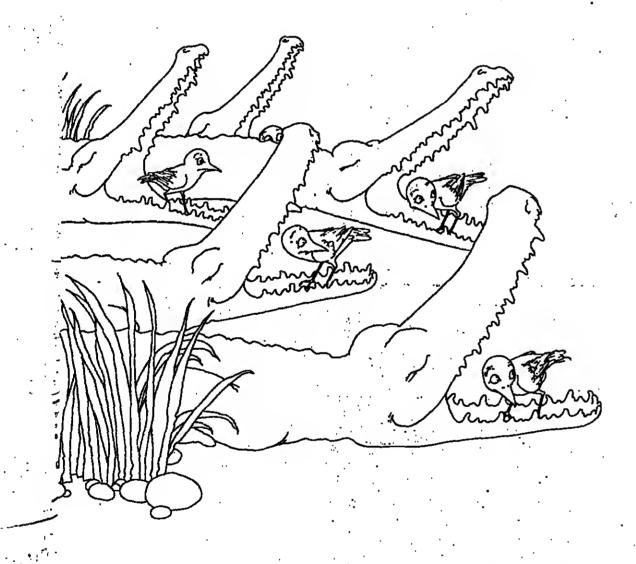
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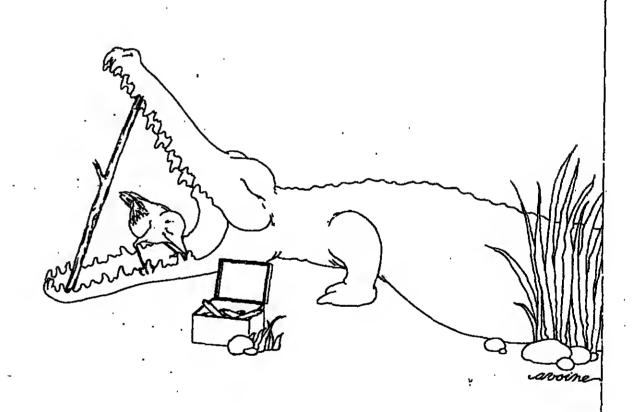
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When you're the 384th foreign bank to open in London you better have something the other 383 don't.





But before we tell you what it is we'd better tell you what the BFCE is.

Banque Française du Commerce Extérieur is a French commercial bank—with a French name—to which the French Government has assigned substantial medium—and long-term export credit responsibilities and for several decades now we've specialized, as our name suggests, in the financing of overseas trade.

But as you can see we haven't exactly knocked ourselves out getting <u>ourselves</u> overseas. While we've always crisscrossed the globe indefatigably for our customers we waited to set up shop abroad until we were ready.

We looked before we leapt. We stayed home doing our bit—a not inconsiderable bit—for the French export trade, in the process building up a solid fund of experience and expertise in international trade and commodity trading—and acquiring a good working relationship with nearly every country in the world.

Although we've been busy setting up representative and trade promotion offices since the early seventies in a number of countries—more than 20 so far—it was only in February, 1977, that we really started exporting the BFCE with the opening in New York of our first overseas branch. (Quickly followed by a loan production office in Houston, an agency in San Francisco and a branch in Milan.)

Last but not least. But the big news, of course, is London—our new City branch just around the corner from the Bank of England on Threadneedle Street.

Now we've finally arrived we'd like to unzip our bags and produce without further ado what marketing men would call our unique selling proposition.

The BFCE is a "small" bank—in the same sense Mont Blanc is a small mountain—operating in one area of specialization. Overseas trade. For you there are three big advantages in this.

It means every single individual customer is very important to us and we'd better make darn sure we're doing a good job.

It means we're experts at being fast and flexible.

And it means we are able to supply you with an exceptional degree of technical and legal know-how along with an exceptional level of competence in the highly specialized area of the international transfer of funds.

We've got the wherewithal. Although we don't have branches all the way from Timbuktu to Kamchatka we are in a position to help with the financing of even the largest projects. (At the end of 1980 the Bank's total assets amounted to £13,700,000,000 and over 90 per cent of our business was in the financing of international trade.

In fact, at the Banque Française du Commerce Extérieur, when it comes to solving your problems, you'll find we've got what it takes.



BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

1 Angel Court-London-EC2R 7HU Tel: 01-726 4020-Telex 894 191. Licensed Deposit-Taker

Something new in the City.

ACROSS

1 Successor of Bess 6 Theda of the

silents 16 Unravel

14 Dodgson's girl 15 Musical composition 16 Prefix with

gram or dyne 17 Jury list 18 Small suttcase

20 West Indies product 21 lmogene's

partner 22 Pusher's victim 23 French family

member 25 Forever-26 Word following

raw or burnt 28 Old Nick 29 ---- de guerre 30 Penetrate

32 Dope 36 "Sliding-Paul Simon

song 38 Wicked biblical city 40 Of the dawn 41 Sections often made of mica

ın old Rome 43 Pavarotti, e.g. 45 Numero-46 Change

48 Start of Sarah Adams's wellknown hymn 50 The Face on

the - Floor

53 Bees do it

54 Microscopic

animals

utterance

58 Wherein the

occurs

60 Mixed

62 Double

64 Ballet -

-de France

Balcony Scene

alcoholic drink

Between Mont.

_____do_well

– bridge

(Euclidean

proposition)

DOWN

1 Tourist's need

2 Resembling a

3 Armed civilian

Cometh":

O'Neill

S Sniggler's

6 Kind of knife

victim

7 Mimicked

Solution to Previous Puzzle

WEATHER

wing

4 "The-

of 1776

preposition

-500

and Minn.

55 Scrooge

Whitman 10 For which Rand got a

hand 11 Decorated again

13 L.A. mayorin the **60**'s

21 Musial and Laurel 24 Weathercock

25 Burror Copland 26 Photo

Hershfield's home state 28 Jewish feast

Nineties belle resembled

tresses -about 37 School days souvenir

39 Updike's 'A

painter 44 King David

pigeon 49 Hostility

51 improve 52 "Right on!" to Cicero

butterfly 55 A-F connection **S7** Existence

61 Men

– de la Paix 9 "And I saw

— the armies":

12 Betel palm

19 Icelandic literary works

dir.

27 Harry

31 Type of pole 33 What a Gay

34 Simba's 35 ---

Sundays" 42 U.S. "ashcan"

47 Walked like a

50 Washbowl

53 Brown-winged

59 Chemical suffix 60 Mrs., in Sevilla

15 57 Foury 7 45 Roid -2 28 Cloudy 4 43 Fotr ALGARVE LOS ANGELES AMSTERDAM ANKARA ATHENS MADRID 20 44 Fair 10 50 Fosty 19 44 Cloody 5 41 Fair 0 37 Cloody 4 48 Rain 28 68 Cloody 14 57 Cloody 11 52 Fosty 13 55 Rain 0 32 Fair 13 55 Rain 0 32 Fair 14 Fosty 15 71 Fair 4 71 Fair 4 72 Fosty 16 4 Fosty 17 5 Fosty 18 5 Fosty 18 5 Fosty 19 5 Fair 19 5 Fosty 19 5 Fair 19 5 Fosty 10 32 Fair MANILA MEXICO CITY MIAMI AUCKLAND BANGKOK BEIRUT MONTREAL SELGRADE BERLIN BRUSSELS MOSCOW BUCHAREST BUDAPEST 7 45 Shower 21 73 Fower 4 57 Cloud; 12 55 Foir -2 78 Cloud; 13 55 Foir 13 55 Fospy 11 52 Rain 4 37 Rain 11 52 Fospsy 12 54 Rain NEW YDRK NICE OSLO PARIS BUENOS AIRES CASABLANCA CNICAGO COPENHAGEN COSTA DEL SOL PEKING PRAGUE RIO DE JANEIRO DUBLIN EDINBURGH FLORENCE OENEVA HELSINKI N.C. MINH CITY STOCKHOLM NOUSTON 15 59 Overcu 3 37 Foir 8 44 Foir 4 43 Foosy 11 52 Rain 4 39 Cloudy 2 36 Cloudy ISTANBUL TEL AVIV JAKARTA TOXYO **JERUSALEM**

RADIO NEWSCASTS. BBC WORLD SERVICE

Western Europe: &4KHz and 4SIM Medium Wave, 5,975, 6,090, 7,120, 7,165, 7,255, 9,410, 9,750, 12,075 and 15,070 KHz in the 49,41, 31, 25 and 19 meter bands. Sent Africa : 1413KHz and 212M Medium Wave, 25.60, 21,440, 17,865, 15.420, 12.895, 11.820, 9.580, 7,120 and 4,050 KHz in the 11, 12, 14, 19,24-25, 31,43 and 49 meter bands. North and North West Africa: 25.650, 21,470, 15,670, 11,750, 9,410, 7,126 and 5,975 KHz in the 11, 13, 14, 25,

Southern Africa: 25.450, 21.460, 17.880, 15.400, 11,620, 9,410, 7,185 and 6.005 KHz in the 11, 13, 14, 19, 25, 21,61 Middle East; 1323KHz and 227M Medium Wave, 25,466, 21,710, 17,770, 15,310, 11,760, 9,410, 7,140, 4,120 and

Seathern Asia: 1413KHz and 212M Medium Wove, 25,650, 21,650, 77,770, 15,310, 11,750, 9,600, 7,180 and 6,195 KHz in the 11, 13, 16, 19, 25, 31, 41 and 48 meter bands. East and South East Asia: 25,650, 17,790, 15,310, 11,865, 9,570, 6,195 and 3,715 KHz in the 11, 14, 19, 25, 31, 48 gad 76 meter bands. Also for Singapore cally: 82,500 KHz VHF.

VOICE OF AMERICA

The Veice of America broadcasts world news in English on the hour and at 26 minutes ofter the nour during varying periods to different regions.

Western Europe: KHz 15,265, 7,225, 6,040, 5,926, 1,790, 1,177, 772, 11*,740, 9,74*0, 1,296 in the 19,7, 41,1, 47,5. 19,4,75,7, 251 (medium wove), 177 | medium wove), 25.5,70,7 and 232 (medium wove) meter bands. Uklatie East; KHz 15,205, 11,515,5760,7,290, 4,040, 1,240 in the 192,252,30.7,41.2,492,238 meter bands. East Asia and Pacific: KHz 17.820, 17.740, 15.290, 11.740, 9.770, 26.000, 6.110 and 1.575 on the 14, 16.9, 19.4, South Asia: KHz 21,540, 17,740, 15,305, 11,915, 9,740, 7,105 on the 13.9, 14.9, 19.7, 25.2, 30.7 and 42.2 meter

Africa: KHz 24,040, 21,440, 17,570, 15,530, 11,915, 9,740 7,280, 4,125, 5,795, 1,990 on the 11,1, 12,1, 14,1, 19,4, 25,2, 30,5,412, 49,50, 75,2 mater bonds.

German Shepherd Shoots Trainer Ented Press International

MONROE, Mich. - John Calbert was in satisfactory condition in a hospital with a bullet wound in his leg caused by his dog, police said.

Mr. Calbert was training his German shepherd to disarm intruders, but the dog dropped a .22-caliber revolver that it had been holding with its teeth and the gun went off, wounding Mr. Calbert.

A police spokesman said Monday that there would be no charges. "It would be kind of hard to fingerprint him," the policeman said.



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HOW COME MISS

BUXLEY GETS THE

NEW TYPEWRITER?!







I'LL TRADE

YOU FOUR PROPESSORS

FOR ONE ARM WRESTLER



YOU'VE HAD MORE

EXPERIENCE AND DON'T

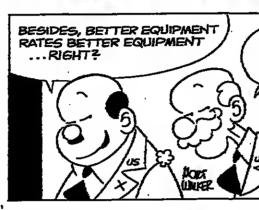
NEED ALL THE NEW

FEATURES







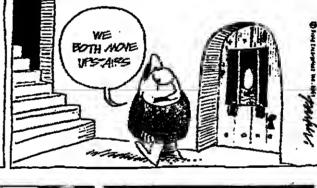




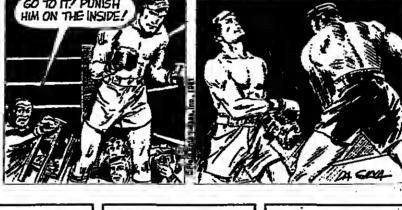


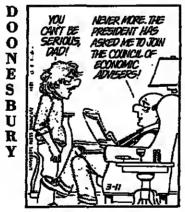




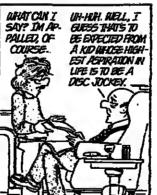




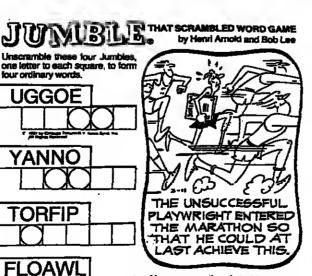








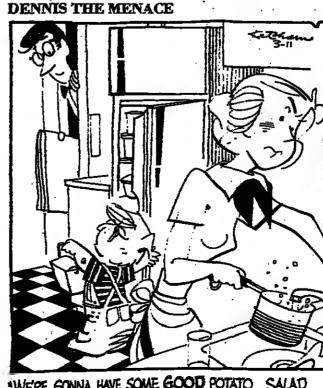




Print answer here: A

(Answers tomorrow) Jumbles: TWILL NOISY DELUXE TOWARD What he did after his bills were settled up-SETTLED DOWN

Imprimé par P.I.O. - I. Boulevard Ney 75018 Parts



"WE'RE GONNA HAVE SOME GOOD POTATO SALAD TONIGHT, DAD! FROM THE STORE!"

BOOKS

BLACK MOUNTAIN BREAKDOWN

By Lee Smith. Putnam. 228 pp. \$10.95.

Reviewed by Christopher Lehmann-Haupt

THE real heroine of Lee Smith's new novel, her fourth, is not doom-ridden Crystal Renee Spangler of Black Falls, in the western corner of Virginia, near the West Virginia border. The real beroine of "Black Mountain Breakdown" is the narra-tor's voice, which turns Smith's story into a country music ballad or a Southern Appalachian breakdown, in the sense of the word that means a tume played for a noisy dance, as in "Pike County Breakdown."

It is a voice that rushes its story for-It is a voice that rushes its story for-ward in the present tense — "Crystal at 16 is everything Lorene," her mother. "hoped she would be, every-thing Grant," her dead father, "was afraid she would be, too, only that's beside the point since nobody talks about Grant much these days, and no-body seems to remember him much body seems to remember him much either, except for Crystal. Crystal is beautiful. Her skin is still fair and clear, and the color still comes and goes in her cheeks. Her hair is very long now and very light and silky, baby fine. She is perfectly propor-tioned, thin but not too thin, and she moves all the time like a dancer even though of course she has never had lessous: there's no ballet in Black. Rock. Crystal laughs and giggles and cuts up a lot."

It is a voice of many moods—from the delicate dreaminess of adolescence to the breathless cattiness of a smalltown gossip — The first Agues hears about it is in the Rexall, where she is having her lunch, when Brenda Looney, a teller at the Levisa Bank and Trust, sees everybody and knows what's going on all over town. She wears these harlequin glasses. Agnes has never cared for her and she never stands in Brenda's line when she makes deposits at the bank. But here comes Brenda slamming into the Renall on her break, can't wait to tell

Every Detail in Place

Perhaps most impressive: It is a voice that reveals unhesitantly every banal and tawdry detail about her slightly hickish characters without for a moment patronizing them. Thus Lorene Spangler is made to capture all the pretentions dreams she has for her daughter by calling her Crystal Renee, "the prettiest name she could think of," And yet behold, Crystal really is a bright and beautiful child who in her frantic search for an identity has every good reason to dream of a fairy-tale future.

In the same vein, Roger Lee Combs can concede that what has provoked him to leave his family for Crystal --and thus inspired the gossip that Brenda Looney brings to the Recall - is the Schlitz beer commercial that says, "You only go around once in life." Yet that doesn't diminish the seriousness of Roger's passion, or the seriousness of its consequences,

The one major drawback to "Black Mountain Breakdown" has to do with ats title being a pun, a heavy-handed one at that. Something happens to Crystal as an adolescent, when she goes out to the toolshed one evening to fetch her retarded uncle, Devere, for dinner. But we aren't certain what that something is because, in a glaring technical lapse, the narrator covers up

Florence Repair Work The Associated Press

FLORENCE — The 14th-century campanile of the Florence cathedral will be closed to the public to allow urgent repairs to the marble, officials said Tuesday. Work is expected to begin in several weeks in the 279-foot-high bell tower, which was begun by Giotto in 1334 and is known for its bas-reliefs by Andrea Pisano and Luca della Robbia.

the projector figuratively speaking we can't see what is happening rather the film is made to jump track for a minute or two, and it's for another 130 pages, when years er, Crystal is reminded of Deven-the face of a patient in a psychia

institute, that we learn how she raped by her made in that interval. Worse, the rape is so melodrans and unnecessary that one ne-suspects the author of having adde as an afterthought to lead her w commercial pizzazz. A reflection the single-trauma view of mental turbance that used to prevail in Hc turbance that used to prevait in ric wood films, it only serves to owers; ify Crystal's difficulty and transform her from a believable in rotic into a caricature. It would not been far more effective half Cryonly fantasized the rape, for then

benotic character and oven breakdown would have been as deeply rooted in her upbrugging funch a fantasy would have been tirely plausible since all the press. on Crystal to imagine an assault h been so skillfully built up in the sto The one redeeming feature of

plot complication is that the rese tion of the rape is delayed so to This lets us enjoy most of "Ri Mountain Breakdown" for the bos could have been — one of those fu yet heart-rending ballads that a bear on the country music stations about a lovely young thing who i can't fit in anywhere. Sung widtwang and a sob, to a background fiddles and guitars. By Bobbie Gen or Loretta Lynn.

Christopher Leionann-Haupt is the staff of The New York Times.

Best Sellers The New York Thees

This his is based on reports from more than a confistores throughout the United States. Week let are not necessarily consecutive. PICTION

I THE COVENANT, by James Mi-CHASQUERADE, by Kit Williams ANSWER AS A MAN, by Taylor

THE KEY TO REPECCA, by Ken Foliat

COMO POUR THE WINE by
Cynthia Procuses
PRESTARTER, by Sephen King
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GREAT CHOCOLATE DESSERTS.
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Massic NOTHING DOWN, by Robert G.

BRIDGE

MANY players cannot remember the days when an event might be won by 1,000 points. Until about 1964 it was normal to score knockout team championships by total points, and victories by several thousand points were common. Then the international match point scale - or IMPs - came into use, following the European practice; and winning by 100

points became rare.

Now, thanks to the computer, it is possible to win by 1,000 IMPs or so, and it happened at a recent tournament. Instead of using normal match points, each pair was given a series of IMP scores, one with each pair sitting in the opposite direction at another table. So the reward for an outstandmgly good score, or the price to be paid for an outstandingly bad one, might be 200 or 300 IMPs.

The winners reached three no-

trump by an eccentric route on the diagramed deal. By normal standards, two no-trump would be an overbid with the South hand; almost every other player was content to bid one. NORTH **4432** ♥A10963 ♦AQ4 WEST EAST **♥QJ874** ♦ K 10862 **4QJ8** SOUTH (D) ♠AJ76 **QJ975** AK105 Vest were vulne bidding: Pass 2N.T. Pass

Pass

Pass

3N.T.

spade. Three clubs by North waconventional check-back bid, train extract a preference to heart. rejected hearts firmly and reached normal contract.

By Alan Trus

West got off to a good start by k ing a heart and removing the dis-er's king. A diamond was led by queen, and East did well by refu to win, making the declarer's coar nications more difficult. South call the heart ace and led the ten, go trick to West.

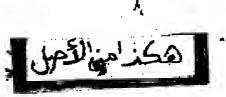
South had given up a spade at club. When the defense now part spades, he held up his acc mild third round, reaching this position NORTH

♥96 OA4 . **496** EAST WEST ⊽Q8 ♦ K 168 \$18 · SOUTH **0 397** AK10

elected to part with the club quet was easy to play the ace and and diamond to make the contract. If had saved three cards in each a suit, the game would have falls good defense fell at the last hards.

One might think that making the same save the same save the same save the save that we have the save the save that save the save the save that save the save the save that save the save that save the save the save that save the save the save that save that save the save the save the save that save the save that save the no trump would give North-Soq good IMP score. Surprisingly, a worth an exact zero. The few 1 who failed in three no-trump wer actly balanced by two pairs will North-South scores. One collect, penalty of 1,400, and the other 1 to be two diamonds doubled with 100% tricks for a score of 910.

Since East, under pressure,



The Soccer Scene

A Bright Star From the East

By Rob Hughes

ON - The chemistry of a 11 soccer match is as hard e or predict as the English Right now, it is raining: I an't go out and stop it, so

Iam United finds no such its hitherto impregnable as dismantled in London go by a Soviet team per-with astonishing flair and

to Tbilisi, the Georgian at occasionally performs oviet equivalent of Latin,

The style was evocative of the two most memorable European games I have seen — Real Madrid vs. Eintracht Frankfurt in 1960 and Ajax Amsterdam vs. Bayern Munich in 1972. And with those three thrilling performances as evi-dence, one (perhaps obvious) observation has become proven: It takes two - victor and vanquished - to tango.

Frankfurt, Munich and now West Ham were almost willing accomplices to their own defeats. Their beliefs in the game and the

utterly confounded West Ham to way it should be played was in win. 4-1. ploying the plethora of negative. cheating ways to stop a rampant team, they actually compounded the scoreline by attempting to meet thrill with attacking thrill. This compliance was carried to the point of naivete at West Ham last week, but this column will not pillory the players for that.

As with Alfredo Di Stefano in 1960, as with Johan Cruyff in 1972, the Toilisi performance had its orchestrator.

David Kipiani, balding, unhur-ried and in his mid-30s, was the

'ultiple Owner Skalbania iving Out a Kid's Dream

by Wayne King ew York Times Service

NGELES — Nelson Skal-10 concedes that be does susiness in the ordinary it is not hard to undery a kid who grew up the ice rinks and baskets on the low-rent side of r, B.C., would want to sports teams of his own. one of those guys who erything," be said, sipp-s of Chablis here recentnever world-class in any-ack of all trades, master hat sort of thing.

if all," be said, explaining is become something of a sports conglomerate, My, I'm a kid who used to I balls so I could get a cown to play with. Now I baseball team. It's fun. I ught I'd get to the point g the teams I used to

days, Skalbania mainly oney — oil money, gas eal estate money, mort-icy. And be chases the if that money can buy ts, hotels, shopping cen-odd diamond ring or ree, paintings, and, of s first love — the sportbe gawked at as a boy. il that, it is difficult for atch his teams play. Not three of them played oo night — the NHL's Cal-tes and the Calgary Ranf the Western Junior the Calgary Boomers of th American Soccer ormerly of Memphis.

ua also owns balf of the r Canadians, a triple-A cam. He tried to buy the ariners baseball team for m, but that fell through e was oo agreement on al be made a \$16-million National Basketball Asmd. Skalbania is now the United States in his ie DeHavilland jet for an 1 to bring to Vancouver. ying to buy an existing said. "They're stronger e cheaper." ho Is That Man?

Il that intrusion into the rerican sporting scene a f people are asking who albania is. He is, in fact, randsome, bearded man

20 Privision 41 13 14 96 304 226 27 28 15 67 257 272 242 27 17 65 243 240 22 33 12 56 275 282 19 37 10 48 215 272

etball Polls

The top 28 teams in the final can college basketball poli, with as in parantheses, section

NHL Standings

of 42, whose businesses are listed on the Canadian Stock Exchange as Skalbania Enterprises. His stock is currently selling at about \$3 a

He jets around the country buying and selling real estate — the downtown Georgian Hotel in Vancouver, shopping centers in Saska-toon, Sask, the Watergate Apartments in Oakland - along with diverse other interests that have from time to time included Vancouver's largest art gallery, another gallery in Calgary and currently one of Canada's four private breweries, Canadian Gold.

"My main source of income is real estate," he explained. "Some oil and gas, but many, many other

The son of a carpenter who was a Polish immigrant. Skalbania was graduated from the University of British Columbia with a bachelor of science degree and later earned a master's in science as a scholarship student at Cal Tech, specializing in earthquake engineering.

After a stint with an engineering firm in Vancouver, he discovered

But he does acknowledge that
real estate, developing the art of
using other people's money, buyative. "Any idiot can write a check ing low and selling just a bit higher -and doing it fast.



Nelson Skelbania ... uh --- other techniques.

vestment style is to keep the mon-ey moving like a riptide, siphoning off a modest ripple or two of cash as the bigger waves go hurtling on by. His real estate method, for example, is a sort of high-volume, low-markup blitz.

Low-Risk Frisk

By way of example, Skalbania confirmed a series of transactions involving a single property, the Avord Building in Vancouver, He bought it in 1974 for \$10.2 million and sold it six months later for \$11 million. In 1979 be bought it back for \$13 million and, with the ink still wet on the mortgage papers resold it within 24 hours for \$13,25

That kind of high-stakes maneuvering gives rise to sugges-tions in some quarters that if Skalbania was strip-searched, oot a nickel of his own would be found on his body. That, be says, is not quite the case: "To buy about \$50 million worth of sports teams, I would say that it would be difficult to do it without some money."

for \$2 million cash and buy a team. But maybe the fun part of it, or the challenge part of it, is to do a lot of this buying, using, you know, using — uh — other techniques of financing."

There is, for example, the ac-count of his sale of half-interest in the financially troubled Edmonton Oilers of the now defunct World Hockey Association to a fellow Canadian real estate man, Peter Pocklington. in exchange for half the team.

Pocklington gave up a diamond ring, some paintings, other odds and ends and the Rolls-Royce driven by Robert Redford in "The Great Gatsby."

Later on Pocklington bought the

other half of the team. The two men worked out details on the back of a napkin.

Skalbania Buys Alouettes

MONTREAL (UPI) — Sam Berger has sold the Canadian Football League's Montreal Alouettes to Vancouver millionaire Nelson Skalbania. Berger, who last month had offered Skalbania 50 percent of the club, said the deal was struck Friday and would be subject to CFL approval before becoming effective.

Broncos' Miller Fired: Reeves Is Named Coach

Miller was fired late Monday along with Fred Gebrike, general manager of the National Football League team. Gebrike will be replaced by Grady Alderman, director of planning and development for the Minnesota Vikings, said Mike Lynn, vice president of the Vikings.

2. In Super Bowl XII, the team bowed to Dallas, 27-10. In 1980, the Broncos had their worst finish in Miller's four

Reeves, 37, became offensive coordinator for the Cowboys in 1977, after serving as backfield coach for four years. He was a running back for the Cowboys for eight seasons - until 1972, when he became a playercoach.

Pleau Gets Whalers' Slot

HARTFORD, Conn. — The National Hockey League's Hartford Whalers have signed Larry Plean to a two-year contract as head coach. Plean has served as interim coach since the firing of Don Blackburn last month. The Whalers are 3-4 under Plezu and in 18th place in the NHL.

designer of so many artistic and

Ham was itself roused to applaud.

yet economic strokes, that West

Kipiani embodies Tbilisi and its essential, separate character from what we see as the Soviet mold. His creativity is by no means reliable yet, but a year ago he found Liverpool, a still more formidable English opponent, so tailored to his skills that he destroyed it too.

Kipiani's licutenant, then as now, is the dashing little goalscorer Ramas Shengelia. A darting ferret, it was Shengelia who scored the fourth goal in London, running onto a lofted pass of fully 60 yards

The pass was delivered with such cunning, such timing, that Shengelia gathered it in his stride and lethally finished off his second strike of the night.
True, by then West Ham was

pushing men forward in pursuit of retrieving a goal or two. True, the Hammers conceded other goals on a might of loose marking... But equally true was the fact that in Trevor Brooking. West Ham possesses England's outstandingly creative midfield man. And Brooking in common with his team, was an admiring bystender on a night of rare beauty.

Even now, a week later, the memory burns with Tbillis's in-spired demonstration. The club will probably not win the Cup Winner's Cup, just as it ultimately failed in last years's European Cup. But two such memories in two seasons is, by modern standards, phenomenal

On the same night -there must have been something in the air — Liverpool's failings of late were erased by a stunning display of midfield goalscoring: Five clean strikes swamped the threat of CSKA Sofia and may put fear into the marrow of West Ham, which Liverpool meets in Saturday's English League Cup Final at Wemb-

Meanwhile, the true power of English soccer has been taken over by Ipswich Town which, from bullets created by Dutchmen Frans Thijssen and Arnold Muhren, brought the players of St. Etienne to their knees with a resounding 4-I victory in France. Again the moves were dazzling,

again the finishing was electric, again the home crowd stood to ap-pland visitors who came, showed superior technique and conquered. Where, ob where, will it all end? Will we ever, from the midst of this grumbling, unsporting, winner-take all era in soccer, come to terms with such heady night in

Forewarned

If the events should overwhelm us, at least we now are forewarned If there is a growing kernal of free spirits among European clubs then it is just in time.

Attendances everywhere this winter have been fallen dramatically — the fans' way of showing with their feet that they will not pay for the organized neurosis that passed for tactical sport in the last European championship. If, from Soviet Georgia, the new

light is truly beginning to flicker, then the least we in the West can do is go out and meet it in like Miracles are possible, even in

modern professional sport.

Fisk Is Prepared To Sign Contract With White Sox

risk, 33, the 1972 American League rookie of the year and a seven-time all-star with the Red Sox, was declared a free agent last

Fisk said Monday he expects to do so by the end of the week. Neither he nor White Sox management would disclose detail of of the contract under discussion.

this year. Earlier they signed outfielder Ron LeFlore and catcher Fim Essian.

Transactions

BASEBALL
American Leases
CALIFORNIA—Reviewed the contracts of
Rick Burleans, shortstee, and Bobby Clark outficitor, for the 19th season.
AMNNESOTA—Signed Ken Landreoux and
Ronr Wordt, outfielders, to one-year contracts.
Ronrwad the contracts of Dave Eraste, setfieldser; Sol Subrat, costcher; Terry Felton and Don
Change, bithers, and Church Rober Infielder. Cooper, pitchers, and Chuck Boiter, infielder.

Hattend League
PITTSBURGH—Renewed the contracts Mickev Matter and Pascual Perss, pitchers; Tony
Pena, critier, and Dorlan Bevland, Infielder. FOOTBALL

HOCKEY HOCKET
Netlonel Hockey Lingue
HARTFORD—Normed Larry Piecu, head
coods and signed him to a browner controls.
SOCCER
Morth American Secon Lacenet.
TDROHNO—Signed Roady Rogan, midfielder.

to a two-year contract.

COLLEGE

MARQUETTE—Retained Hank Raymands as head basketball couch and othicite director through the 1911-12 secont.

RUTGERS—Named Robert Recisio, head

Davis Cup: Comeback of a Trophy

New York Times Service

CARLSBAD, Calif. - The most commendable comeback in sports

this year might be made by a tropby instead of an athlete.

With a new format and oew prize money, the Davis Cup has an opportunity to regain its lost prestige after too many years in eclipse. Now that the U.S. team has qualified to oppose the current holder of the buge silver chalice, Czechoslovakia, in the July quarterfinals of this year's competition, perhaps the U.S. termis public will realize that the Davis Cup has more appeal than all those weekly tournament jackpots

the same players seem to cut up.

At its best, the Davis Cup is capable of arousing the same cheer of "U.S.A." that exhorted the U.S. Olympic hockey team at Lake

And at last, the United States Tennis Association appears to understand that the Davis Cup belongs on a big stage. In recent years, the



Monday. Moncrief recovered, scoring 19 points in a 118-100 win.

NBA Standings

	11,1022	80	
	ONFERENCE Division	Kanes City Houston	36 36 ,500 10 30 36 ,465 12V2
	W L Pct. C	B Denver	20 40 429 15
y-Philipdel	56 15 287	Utoh	36 47 354 2012
y-Baston	55 16 275 1	Dollas	10 61 .14) 3515
New York	42 29 502 14	•	
Washington	15 37 .4% 21		c Division
New Jersey	20 57 282 34		53 27 276 —
	Division	Los Angeles	45 24 A52 5V2
x-Milwsukee	52 19 272 -	Portland	37 35 ,514 15
Inchana	39 32 549 13		34 35 .507 15Vz
Chicono	26 36 500 16		32 39 ,451 191/2
Atlanta	28 42 A00 23		JI 41 AJI 21
Cigveland	25 45 .257 26		_
Detroit 7:	17 55 206 25		
	OWFERENCE	A-CHIRCHER BIONER DEL	m
	S Divisies	Manufa	ry's Republ
			referred 100 Wassestons 70

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USTA invariably scheduled cup matches in remote cities where it was more of a social than a sports event. The cocktail parties were more

important than who won.

But the Davis Cup duel with Czechoslovakia is expected to be held at the National Tennis Center in Flushing, N.Y., over the July 10-12 weekend following the Wimbledon championships.

More significantly, America's two best tennis players, John McEnroe and Jimmy Connors, will be playing singles.

Connors Comes Around

For all his sometimes brattish behavior, say this for McEnroe — he has always considered his selection to the cup team to be a patriotic duty, even when the money was minimal. And oow Connors, who in the past had snubbed the Davis Cup occasionally, appears ready to enlist again. He even stopped by the La Costa resort here to help tune up McEnroe and Roscoe Tanner last week before the United States got past Mexico, 3-2, on McEnroe's straight-set triumph over Raul Ramirez Sun-

day.
"Jimmy and I have a good relationship now," explained Arthur Ashe.
"When I the Davis Cup captain who once openly feuded with Connors. "When I found out I was going to be the captain, I wanted the best team. I knew John would play but I wanted Jimmy too, and he was receptive to

Ashe mentioned three new factors that appeal to Connors — the new format of only 16 nations in a knockout tournament, empty weeks reserved for Davis Cup play rather than tournaments, money that might be worth as much as \$100,000 to each player on the winning team. Connors's presence will be particularly important against the Czechs, whose best player is Ivan Lendl. "Jimmy has never lost to Lendl in seven

matches," Ashe said. "That's a psychological edge right there."

The money might be a psychological edge too. McEnroe and Connors are at their best in big-money matches. Until this year, U.S. Davis Cup players made little more than pocket money. But this year the Nippon Electric Co. of Japan put up \$1 million in prize money, with the winning nation collecting \$200,000.

"And at the end of the year" says a USTA official "after all our

"And at the end of the year," says a USTA official, "after all our Davis Cup expenses are paid, we'll also split our take from the proceeds with the players. If they win it, they can make some substantial money. Dwight F. Davis must be wincing in his grave. When be donated the cup in 1900, tennis was perhaps the purest of games. It was played only by the wealthy for the wealthy. But gradually it evolved into a game for the masses, especially after open competition was decreed in 1968 to be sanitary. Eventually the touring pros even were permitted to compete for the Davis Cup for "expenses." And now actual prize money is available. It's about time. It's also about time that the Davis Cup format was

In other years, the Davis Cup had meaningless geographic zones, too many nations competing and a crazy-quilt schedule. Every so often, early matches for the following year were played before the final of that calendar year. No wonder nobody knew what the Davis Cup means. No

Over eight decades the United States has won the Davis Cup more often than any other nation, 26 times (the last in 1979), but all that tradition slowly disintegrated.

Ashe wants to develop a sense of Davis Cup history to the American

tennis public. "This is going to be the biggest year for the Davis Cup," said Ashe, "since Tony Trabert and Vie Seixas won it for the United States in 1955 from Lew Hoad and Ken Rosewall before 25,000 people

On-the-Job Training

That was 1954, Arthur, not 1955 — but the year is not important. Ashe's spirit is what's important. "It's an ongoing job." be said. "I'll be at Paris and Wimbledon and the U.S. Open talking to my players, trying to belp them with their game. Trying to beip myself learn more about them, too. In the match with

Mexico, I learned that it's a lost more complicated than I thought it would be. You can't treat everybody the same. Not everybody responds to urging. Not everybody trains the same way, John McEnroe is so gifted I doo't make him practice five hours a day, but Roscoe Tanner needs five hours to groove his strokes." Ashe, who won a record 27 singles matches during his cup career, also

captains or coaches, notably Tony Trabert and Pancho Gonzales.
"Even though we lost the doubles to Mexico bere," Ashe said, "Tony helped me at the break after the third set. And we won the fourth set. You don't pick up everything as captain. I have more appreciation oow for assistant basketball coaches. Every head coach needs all the help he

discovered that he now has several advisers who were once David Cup

Gonzales, once a Davis Cup coach, disagreed with Ashe's theory no to use his singles players in doubles. "He told me I was wrong, he told me my theory was bulidust, that's the word," Ashe said. "I still

And if the cup is making a comeback, so is Ashe — from heart surgery that forced him to stop playing. "This job," said the 37-year-old Ashe, "is a good test to see if the surgeon did a good job."

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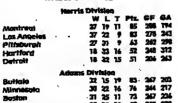
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Well Decorated Comes From 3d To Win Bahamas The Associated Press

HIALEAH, Fla. - Well Decorated came from third on the far turn Monday to edge favored Dash O' Pleasure by a nose in the Bahamas Stakes, a race of top Triple Crown prospects. Tap Shoes was third by a neck and Spirited Boy finished fourth.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1:22.5 on a fast track.

Sprited Boy opened up a twolength lead near the quarter pole, but Well Decorated overtook him on the inside while Dash O' Pleasure moved on the outside. The leaders raced together to the wire. Well Decorated, a Florida-bred coit of Raja Baba, won three of six

Saratoga Special and a two-length over Lord Avie, winner of last week's Florida Derby, in the Arlington-Washington Futurity. Cure The Blues, a top Kentucky Derby probable, was a prerace scratch. The unbeaten colt's right front foot came up tender after being shod. Blues won his five 1980 starts as a 2-year-old by a combined margin of 38½ lengths.

1980 starts, including a 4½-length triumph over Tap Shoes in the

DENVER - Red Miller has been fired as bead coach of the Denver Broncos, and Dan Reeves, offensive coordinator for the Dallas Cowboys, has been hired to take his place, team sources say.
Miller was fired late Monday

mgs.
Miller, 53, has coached the Broncos since February, 1977. He led the Broncos to the Super Bowl that year after the team posted its best record ever, I2years; at 8-8, the team tied with Kansas City for third place in the American Conference Western Division.

United Press International

United Press International

CHICAGO — Former Boston
Red Sox catcher Carlton Fisk has
amnounced he has "chosen" to
play with the Chicago White Sox
this season but said he has not yet

month. While be has not yet signed

Fisk would be third major free agent acquired by the White Sox

BASEBALL

POOT BALL
National Feetbell Lewree
CLEVALAND—Amounted that Peter HodhoZV, penerul manoper and executive vice president, will resign effective May 1.
Capadian Foetbell Learnes
MONTREAL—Amounted that the franchise
has been purchased by Netton Skationia.

The Bard at Bat

By Russell Baker

NEW YORK — Every time the teams go south for spring training I think back to the year George Steinbrenner bought Sweet Theater Cats.

right off your sevameter - and start warming up our dactyis and spondees. At least, that's what the press boys said we were doing out mostly we were drying out after a long winter of hoisting the tankards

around the Mermaid Tavern. George owned the Loch Ness Monsters in those days. A sad outfit when he picked them up. They still had a couple of oldtimers who had been good once. One of them had pitched "Ralph Royster Doyster" and the other later went into the Hall of Fame for "Grammer Gurton's Needle."

Baker

George, being George, wanted a winner and was willing to pay for it. That's oow he got Kit Marlowe - "Mighty Line Marlowe," the scribes called him - from the eeds Loons. Bought him for three hutts of sack and a cask of doub-

The next year he bought O'Rare Ben Jonson from the Canterbury Cassowaries. "I woulds't not play for the Loch Ness Monsters though they paid me in ships to the number of 900 and 99." Jonson told George.

"Suppose I make it a thousand," said George. To which O'Rare said. "It's a deal."

Naturally, Marlowe didn't take to Jonson and Jonson didn't take to Marlowe after Kit, being introduced to O'Rare at spring training down in Lyme Regis, asked. "Is this the face that launched a thou-

sand ships?" So there was had blood and it got worse the next year when George bought Sweet Will from the Globe Theater Cats. Will was coming off a 30-sonnet season. The hottest thing to hit the league since the Venerable Bede and a einch to cop the Jeff Chancer

Award once he licked his weakness for serving up the old mistaken-

identity plot. When time came for everybody to show up at Lyme Regis that spring, both Kit and O'Rare were Will Snakespeare from the Giobe absent. This was a disappointheater Cats. ment, especially to the woodcut We'd all gather down there carvers, who had hoped to make around the middle of March — woodcuss of George's three mighty still cold enough to freeze a foot stars embracing and showing each other their quill pens.

Instead, they had to be satisfed with woodens of Sweet Will warming up his soliloquy lines. Will obligingly posed for the carvers delivering a practice soliloquy that went, "Should I be or not? Her remain agent."

"Just one more, Will!" cried the woodcarvers, but George tossed them out in a fury, which was caused by the arrival of heralds bearing tidings from Kit Marlowe "Dear George," said Kit, "I can-

not get to Lyme Regis before May, possibly August, due to an inflamed rotator cuff in my writing arm which makes it impossible for me to deliver two lines of iambic

pentameter without intense pain."

Jonson's tiding was rambling
and incoherent. A business crisis created by dry rot in his thousand ships required immediate atten-tion, and what's more there were mice in all his writing doublets, and moreover his mother who was ailing and needed expensive bleeding almost daily was pleading with him to give up poetry and accept a high-paying offer to write sermons for the Bishop of London. George showed Sweet Will the missives. "Hm." said Shakespeare.

"What they will, Will dost well-know, and well wilt thou do, wilt thou take Will's most willing

"Speak English," said George. "Put mooey in their purse," said This sent George through the

roof. Shake not thy Georgey locks at me!" cried Shakespeare, striding out of camp. George persuaded him to return, but it was a bad sea-son. Shakespeare wrote "Measure for Measure" instead of "King Lear," and George was so disgusted that he took a carrack to New York where, finding that somebody had already bought the Island, he settled for buying the New York Yankees.

New York Times Sernce

Mary Blume

Russian Poet on a Tightrope

DARIS - Andrei Voznesensky

is a poet who is adored by his public, respected by his peers and tolerated — although not always — by the authorities.

In his native Russia it is not unusual for 14,000 people to attend his readings, for a volume of his poetry to get a printing of 280,000 copies (multiplied many times by black market reproduc-tions) and for 120 million to see him on television. The great plus of our television, which is also a minus, is that it is very serious," Voznesensky says. He can be a merry and playful man although never a trivial one. "Voznesensky," said Robert Lowell, who was his friend, "is full of invention, fireworks and humor, but he is always writing ahou; awkward, anguisbed things."
He cannot work at a desk and

prefers to write in a forest. For a year he has been under a cloud for taking part in a revolt against literary censorship. After joining a group of writers in demanding publication of a collection of their censored works called "Metropol," he was banned from publishing or giving readings; his books were not sold or even giv-en out at public libraries. The punishment period over, the Metropol" group's works were published and Voznesensky found himself able to accept a year-old invitation from his Paris publishing house.

In Picasso's Bed

After Paris he will visit Marc Chagall and the widow of Picas-so. The first time he visited the Picasso chateau the painter was still alive. "What music do you think he put on his record player? Tchaikovsky! Tchaikovsky's First Piano Concerto." Voznesensky thinks Picasso must have liked Tchaikovsky a lot: on his glass-topped record cabinet was a flock of silver-foil swans made from Evian bottle tops; a veritable Swan Lake.

On his second visit, after Picasso's death, he slept in Picasso's bed and tried to use his shower. "But the water hit only my head and not my body. You see, Picasso was very small and the shower was used to him." Pi-



Poet Voznesensky: Pasternak, opera and rock. published in greater length in France. While he is away in Paris

Voznesensky's latest project is

taking form: an opera that will

open at the end of this month or

early April in Moscow. The mu-

sic was written by Alexei Ribni-

kov in a style that Voznesensky says blends old Russian church

somes with rock and the libretto

is based on Voznesensky's long poem, "Story Under Full Sail,"

about a doomed early-19th-cen-

tury romance based on real life.
"It is terrible, better than 'Romeo and Juliet," Voznesen-

The opera is part of the poet's

When you have literature,

things have to be approved, published, transplanted. It can be

years before people can read it. Music is immediate and interna-

First Song

His first song, a rock number called "Girl on a Drum," is num-

ber one in Russia. Set to a

thumping beat, it is about a drummer's hopeless love for a girl. "It is certainly unhappy love, he has to smile although his

heart is broken," Voznesensky says, laughing proudly as he plays a cassette of his song. "It's

new hobby, as he calls it, pop music (his favorite group is Pink

Floyd).

tional."

casso is the subject of a new poem that Voznesensky considers his best:

"The first line is, "I came to a painter after death.' You can play with Russian, I think in English you have to say his death. The last line is, 'Don't come to a painter after death.'
Who's dead? Me?"

The Russian language not only allows ambiguities, these days it demands them. Voznesensky has been a master of allusion since 1962 when Khrushchev violently attacked young modern artists and Voznesensky made a reply that has been called "a classic in any anthology of non-confession." He was a protege of Boris Pasternak from the age of 14 and the poet's faithful friend during his last, terrible years. A few months ago in Novy Mir Voznesensky published a loving memoir of Pasternak along with some of the poems from "Dr.

"It's the first time Zhivago's poems have been published in Russia. They still haven't published the novel but it is a beginning," Voznesensky said.

Pasternak was our number one in this century. Some say Mandelstam is the best and Mandelstam is great, but his country is smaller. It is very deep but smaller.

The Pasternak article will be

fun and it's grace," he says. "It's stopid but it's my new hobby." Voznesensky's life isn't of the sort that can include in silliness: what interests him is the thought of a new and even wider audience. "There are things you can say in songs that you cannot say For youth it is not real, great

poetry. It is like Picasso showed me a ceramic asintray he made. The song is my ashtray."

As he reaches for a greater public. Voznesensky is writing poetry that is, he says, more metaphysical, more spiritual and analytical than his earlier work.

Years of Understanding

"Before, my poetry was more avant-garde, avant-garde in the Russian style. I have the idea that in the 80s we will try to understand what has happened in the 20th century. In the 20s they understood what the 20th century would be, now we can analyze that it was. These coming years are the most important because they are years of analysis and un-

"My aim is to push readers to analyze and to give them a method. I am not a genius of politics who gives answers to political problems. I am not a genius of economics who gives answers to economic problems. I am not a genius of Frend to give advice on how to love. I can only give the method to go deep inside events in people's everyday lives, to help m survive and find truth.

"Yes, poetry can change things. It changes everything because it changes people's minds. We change life not in the primitive sense that we teach things. I am a collectivist in the sense that one person cannot give an answer, one person cannot even give a question. We are all bees in a hive, the result is for them to

The perils are evident, if undiscusted. Voznesensky is a nimble man, mentally and physically, and he has called himself an acrobat, a tightrope walker withont a safety net. He is 47 now: what will happen when age makes him less agile? "Pil still walk the tightrope."

he says, langhing. "But without the rope."

PEOPLE: Rather Keeps Profile . As He Replaces Cronk

Dan Rather, who has substituted Notre Dame campus May for Walter Cronkite more than 50 receive honorary degrees, it times in his career, did not fumble the ball when he took over Monday as CBS Evening News anchor-man before a brand new blue-gray. backdrop. In fact, like a veteran quarterback, he passed it deftly from correspondent to correspondent, letting his team roll up the yardage — Leslie Stahl in Wash-ington on President Rengan's lat-est budget cuts, Robert Plerpoint in Moscow on Leonid Brezhnev's latest but for a summit conference, and Mike Wallace on what lay behind that now famous Canadian rescue of six Americans in Tehran at the onset of the hostage crisis. Throughout the broadcast, Rather maintained a low personal profile. He didn't even open up his light gray jacket to flash the red and blue suspenders that are supposed 10 be his trademark. Even his sign off was low key — nothing like Ed-ward R. Minrow's famed "Good night and good luck." of Cronk-ite's comforting assurance that "That's the way it is." "Until to-

Rousid Resean and his co-star in the film classic "Knute Rockne — All American" will return to the

News," he said. "Good night."

morrow, this is Dan Rather, CBS



Lady Diana Spencer drew gasps of delight from a furs-and-diamonds audience at her first public engagement with Prince Charles, whom she marries in July, with a black chilfon, off-the-shoulder evening gown with a plunging neckline. They appeared at a charity show at the Goldsmiths' Hall in London

lege announced. Reagan will er the commencement aids the University of Notre I school spokesman said in Bend, Ind. He said Reaga receive an honorary doctor c degree and his co-star i Rockne film, Pat O'Brien, al-

for Scotch whisky, a Jar dealer said in Tokyo. Office Cutty Sark Scotch Whisky the sole agent in Japan for Bros. and Rudd Ltd., said. Thatcher will help sell a new ium Scotch called Cutty 12 s anese consumers. They said i active in Japan this mouth a television commercials and

district spelling bee by kn bow to spell "adoration."

Sculptor Tom Schemberg big problem. His 10-foo sculpture of Rocky Balbon ... character of the movie "Rc will soon need a home. The i delphia Art Museum has at made it clear that while the is than-life size memorial of th tional boxer was welcome for filmmakers are done prod "Rocky III." Museum official months, it won't be welcome ured they and their visitors a out up with the statue with filming was going on, bin the of having it adom the steps to didn't appeal to them. The n featured Balboa, played by Sy ter Stalloue, jogging up the of the art museum and raising arms in a heartening sainte. -SAMUEL JUST

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